KSK Power Ventur plc

Condensed Interim Consolidated and Company Financial Statements

For the six months ended 30 September 2010

Contents

KSK Power Ventur plc

INTERIM CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2010

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

	Notes	Consolidated		Company	
		30 September 2010 (Unaudited)	**30 September 2009 (Unaudited)**	**30 September 2010 (Unaudited)**	**30 September 2009 (Unaudited)**
Revenue	8	82,574	24,379	-	-
Cost of revenue	9	(37,644)	(12,222)	-	-
Gross profit		**44,930**	**12,157**	**-**	**-**
Other operating income, net	10	6,202	8,936	2	-
Distribution costs		(1,271)	(1,141)	-	-
General and administrative expenses		(9,541)	(4,904)	(432)	(371)
Operating profit		**40,320**	**15,048**	**(430)**	**(371)**
Finance costs	11	(20,311)	(6,948)	(2,323)	(2,285)
Finance income	12	15,512	32,242	5,112	1,134
Profit/(loss) before tax		**35,521**	**40,342**	**2,359**	**(1,522)**
Tax (expense) / income	13	1,784	(11,350)	-	-
Profit/(loss) for the period		**37,305**	**28,992**	**2,359**	**(1,522)**
Attributable to:					
Equity holders of the parent		18,185	18,225	2,359	(1,522)
Non-controlling interests		19,120	10,767	-	-
		37,305	**28,992**	**2,359**	**(1,522)**
Other comprehensive income					
Gains/(losses) on sale / remeasurement of available-for-sale financial assets		20	9,829	-	-
Currency translation differences		5,063	38,059	2,787	4,453
Reclassification of reserves on disposal of interest in joint venture		-	(1,284)	-	-
Reclassification adjustment to statement of comprehensive income in respect of available-for-sale financial assets disposed		(57)	(9,518)	-	-
Other comprehensive income, net of tax		**5,026**	**37,086**	**2,787**	**4,453**
Total comprehensive income for the period		**42,331**	**66,078**	**5,146**	**2,931**
Attributable to:					
Equity holders of the parent		21,600	41,027		
Non-controlling interests		20,731	25,051		
		42,331	**66,078**		
Earnings per share					
Weighted average number of ordinary shares for basic and diluted earnings per share		139,735,143	137,496,260		
Basic and diluted (US $)		0.13	0.13		

(See accompanying notes to the condensed interim consolidated and Company financial statements)

KSK Power Ventur plc

INTERIM CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 September 2010

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

		Consolidated		Company	
	Notes	30 September 2010 (Unaudited)	31 March 2010 (Audited)	30 September 2010 (Unaudited)	31 March 2010 (Audited)
Assets					
Non-current assets					
Goodwill	14	68,113	84,482	-	-
Property, plant and equipment	15	1,630,527	1,311,309	-	-
Other non-current assets	17	22,049	15,865	-	-
Investments and other financial assets	16	59,536	51,758	46,325	46,318
Trade and other receivables	18	5,692	5,710	-	-
Deferred tax asset	13	9,240	10,746	-	-
		1,795,157	1,479,870	46,325	46,318
Current assets					
Inventories	19	14,405	7,735	-	-
Trade and other receivables	18	51,790	22,139	86	46
Investments and other financial assets	16	228,199	111,198	160,706	43,978
Cash and short-term deposits	20	251,508	276,872	4,812	13,133
Other current assets	17	25,267	15,019	15	-
		571,169	432,963	165,619	57,157
Non-current assets classified as held for sale		-	23,318	-	-
		571,169	456,281	165,619	57,157
Total assets		**2,366,326**	**1,936,151**	**211,944**	**103,475**
Equity and liabilities					
Equity attributable to equity holders of the parent					
Issued capital	21	251	232	251	232
Securities premium	21	262,673	167,228	194,403	98,958
Translation reserve		4,455	968	5,575	2,788
Revaluation reserve		9,595	9,731	-	-
Other reserves		156,796	157,304	-	-
Retained earnings/ (Accumulated deficit)		100,248	81,927	2,213	(146)
		534,018	417,390	202,442	101,832
Non-controlling interests		342,533	303,081	-	-
Total equity		876,551	720,471	202,442	101,832
Non-current liabilities					
Trade and other payables	23	2,898	2,778	-	-
Interest-bearing loans and borrowings	22	692,538	504,078	-	-
Provisions	24	2,065	1,984	-	-
Deferred revenue		11,728	4,959	-	-
Employee benefit liability		428	203	-	-
Deferred tax liability	13	36,349	30,900	-	-
		746,006	544,902	-	-
Current liabilities					
Trade and other payables	23	116,069	90,536	202	976
Interest-bearing loans and borrowings	22	611,379	568,467	9,300	-
Other current financial liabilities	25	72	2,573	-	667
Other current liabilities	26	15,402	7,833	-	-
Taxes payable		847	1,369	-	-
		743,769	670,778	9,502	1,643
Total liabilities		1,489,775	1,215,680	9,502	1,643
Total equity and liabilities.		**2,366,326**	**1,936,151**	**211,944**	**103,475**

(See accompanying notes to the condensed interim consolidated and Company financial statements)

KSK Power Ventur plc

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2009

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

	Attributable to equity holders of the parent								Non controlling interest	Total equity
	Issued capital (No. of shares)	Issued capital (amount)	Securities premium	Translation reserve	Revaluation reserve	Other reserves	Retained earnings	Total		
As at 1 April 2009 (Audited)	**128,878,505**	**216**	**120,967**	**(42,639)**	**9,990**	**135,505**	**48,846**	**272,885**	**180,267**	**453,152**
Issue of equity shares	10,655,738	16	46,261	-	-	-	-	46,277	-	**46,277**
Net depreciation transfer for property, plant and equipment	-	-	-	-	(127)	-	127	-	-	-
Transaction with owners	**139,534,243**	**232**	**167,228**	**(42,639)**	**9,863**	**135,505**	**48,973**	**319,162**	**180,267**	**499,429**
Profit for the period	-	-	-	-	-	-	18,225	18,225	10,767	**28,992**
Other comprehensive income										
Currency translation differences	-	-	-	23,775	-	-	-	23,775	14,284	**38,059**
Gains/(losses) on sale / re-measurement of available-for-sale financial assets	-	-	-	-	-	9,829	-	9,829	-	**9,829**
Reclassification adjustment to statement of comprehensive income in respect of available-for-sale assets disposed	-	-	-	-	-	(9,518)	-	(9,518)	-	**(9,518)**
Reclassification of reserves on disposal of interest in joint venture	-	-	-	666	-	(1,950)	-	(1,284)	-	**(1,284)**
Total comprehensive income for the period	-	-	-	**24,441**	-	**(1,639)**	**18,225**	**41,027**	**25,051**	**66,078**
Balance as at 30 September 2009 (Unaudited)	**139,534,243**	**232**	**167,228**	**(18,198)**	**9,863**	**133,866**	**67,198**	**360,189**	**205,318**	**565,507**

(See accompanying notes to the condensed interim consolidated and Company financial statements)

KSK Power Ventur plc

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2010

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

	Attributable to equity holders of the parent								Non controlling interests	Total equity
	Issued capital (No. of shares)	**Issued capital (amount)**	**Securities premium**	**Translation reserve**	**Revaluation reserve**	**Other reserves**	**Retained earnings**	**Total**		
As at 1 April 2010 (Audited)	**139,534,243**	**232**	**167,228**	**968**	**9,731**	**157,304**	**81,927**	**417,390**	**303,081**	**720,471**
Issue of equity shares	12,254,902	19	95,445	-	-	-	-	95,464	-	**95,464**
Deferred tax on share issue exp	-	-	-	-	-	(436)	-	(436)	-	**(436)**
Non-controlling interests arising on business combination (see note 7(b))	-	-	-	-	-	-	-	-	10,930	**10,930**
Non-controlling interests arising on conversion of partly paid up shares to fully paid up in subsidiary	-	-	-	-	-	-	-	-	7,791	**7,791**
Net depreciation transfer for property, plant and equipment	-	-	-	-	(136)	-	136	-	-	-
Transaction with owners	**151,789,145**	**251**	**262,673**	**968**	**9,595**	**156,868**	**82,063**	**512,418**	**321,802**	**834,220**
Profit for the period	-	-	-	-	-	-	18,185	18,185	19,120	**37,305**
Other comprehensive income										
Currency translation differences	-	-	-	3,487	-	-	-	3,487	1,576	**5,063**
Gain/(losses) on sale / remeasurement of available-for-sale financial assets	-	-	-	-	-	(15)	-	(15)	35	**20**
Reclassification adjustment to statement of comprehensive income in respect of available-for-sale assets disposed	-	-	-	-	-	(57)	-	(57)	-	**(57)**
Total comprehensive income for the period	**-**	**-**	**-**	**3,487**	**-**	**(72)**	**18,185**	**21,600**	**20,731**	**42,331**
Balance as at 30 September 2010 (Unaudited)	**151,789,145**	**251**	**262,673**	**4,455**	**9,595**	**156,796**	**100,248**	**534,018**	**342,533**	**876,551**

(See accompanying notes to the condensed interim consolidated and Company financial statements)

KSK Power Ventur plc

INTERIM COMPANY STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2010
(All amount in thousands of US $, unless otherwise stated)

	Issued capital (No. of shares)	Issued capital (amount)	Securities premium	Translation reserve	Retained earnings/ (Accumulated deficit)	Total equity
As at 1 April 2009 (Audited)	**128,878,505**	**216**	**52,697**	**1,654**	**(1,059)**	**53,508**
Issue of equity shares	10,655,738	16	46,261	-	-	**46,277**
Loss for the period	-	-	-	-	(1,522)	**(1,522)**
Other comprehensive income						
Currency translation differences	-	-	-	4,453	-	**4,453**
Total comprehensive income for the period	-	-	-	**4,453**	**(1,522)**	**2,931**
Balance as at 30 September 2009 (Unaudited)	**139,534,243**	**232**	**98,958**	**6,107**	**(2,581)**	**102,716**
As at 1 April 2010 (Audited)	**139,534,243**	**232**	**98,958**	**2,788**	**(146)**	**101,832**
Issue of equity shares	12,254,902	19	95,445	-	-	**95,464**
Profit for the period	-	-	-	-	2,359	**2,359**
Other comprehensive income						
Currency translation differences	-	-	-	2,787	-	**2,787**
Total comprehensive income for the period	-	-	-	**2,787**	**2,359**	**5,146**
Balance as at 30 September 2010 (Unaudited)	**151,789,145**	**251**	**194,403**	**5,575**	**2,213**	**202,442**

(See accompanying notes to the condensed interim consolidated and Company financial statements)

KSK Power Ventur plc

INTERIM CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

for the six months ended 30 September 2010

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

	Consolidated		Company	
	30 September 2010 (Unaudited)	**30 September 2009 (Unaudited)**	**30 September 2010 (Unaudited)**	**30 September 2009 (Unaudited)**
Cash inflow/ (outflow) from operating activities				
Profit/(loss) before tax	35,521	40,342	2,359	(1,522)
Adjustments				
Depreciation and amortization	8,685	2,394	-	-
Finance costs	20,311	6,948	2,148	2,285
Finance income	(16,328)	(20,713)	(5,112)	(1,134)
Impairment of other assets	143	-	-	-
Loss on sale of equity interest in joint venture	-	2,743	-	-
Gain on remeasurement of existing equity interest	(4,906)	-	-	-
Others[1]	(64)	(8,388)	(2)	601
Changes in assets/liabilities				
Trade receivables and unbilled revenues	(32,772)	(498)	-	-
Inventory	(5,460)	(1,315)	-	-
Other assets	(9,468)	(4,106)	(15)	201
Trade payables and other liabilities	9,737	3,661	(920)	(171)
Employee benefit liability	209	178	-	-
Taxes paid	(4,426)	(4,726)	-	-
Net cash provided by/(used in) operating activities	**1,182**	**16,520**	**(1,542)**	**260**
Cash inflow/ (outflow) from investing activities				
Movement in restricted cash	28,889	(131,228)	3,000	-
Proceeds from sale of property, plant and equipment	508	-	-	-
Purchase of property, plant and equipment and other non-current assets	(105,733)	(272,784)	-	-
Sale of equity interest in joint venture	-	3,037	-	-
Payment for acquisition related liability	-	(21,686)	-	-
Purchase of financial instruments	(43,699)	(93,523)	(16,193)	-
Proceeds from sale of financial instruments	47,772	45,855	157	1,204
Payment for acquisition of non-controlling interest in business combination	(16,164)	-	-	-
Dividend income	98	246	-	-
Finance income	12,398	12,653	64	133
Net cash (used in) /from investing activities	**(75,931)**	**(457,430)**	**(12,972)**	**1,337**
Cash inflow/ (outflow) from financing activities				
Proceeds from interest-bearing loans and borrowings	387,105	413,428	9,300	-
Repayment of interest-bearing loans and borrowings	(249,294)	(84,236)	-	-
Finance charges	(69,535)	(26,633)	(2)	(1,984)
Net proceeds from issue of shares	-	46,277	-	46,277
Net proceeds from issue of shares in subsidiary to non-controlling interest	508	-	-	-
Net cash provided by financing activities	**68,784**	**348,836**	**9,298**	**44,293**
Effect of exchange rate changes on cash	3,305	19,306	(105)	3,228
Net increase/ (decrease) in cash and cash equivalents	**(2,660)**	**(72,768)**	**(5,321)**	**49,118**
Cash and cash equivalents at the beginning of the period	37,669	154,675	10,133	250
Cash inflow on account of change in controlling interest	1,491	-	-	-
Cash and cash equivalents at the end of the period (note 20)	**36,500**	**81,907**	**4,812**	**49,368**

(See accompanying notes to the condensed interim consolidated and Company financial statements)

[1] Non cash transaction: The principal non cash transactions represents acquisition of net assets of KSKEIEPL I and KSKEIEPL II, during the previous period, as consideration for management fees discussed in note 10.

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

NOTES TO CONDENSED INTERIM CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

for the six months ended 30 September 2010

1. Corporate information

1.1. Nature of operations

KSK Power Ventur plc ('the Company' or 'KPVP or parent'), 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,with heavy industrial companies in India.

The Group strategy for growth is to work with major international and Indian businesses and electricity distribution companies to ensure that they have access to dependable and cost effective source of electrical power through the development construction and operation of optimal sized power plants with appropriate fuel sources.

The principal activities of the Group are described in note 8.

1.2. Statement of compliance /responsibility statement

a the condensed set of financial statements contained in this document has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), "Interim Financial Reporting" as adopted by the European Union;

b the Interim management report contained in this document includes a fair review of the information required by the Financial Services Authority's Disclosure and Transparency Rules ("DTR") 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year);

c this document includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

d the interim condensed consolidated and Company financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2010, which have been prepared in accordance with IFRSs.

1.3. Financial period

The condensed interim consolidated and Company financial statements are for the six months ended 30 September 2010. The comparative information required by IAS 1 were determined using IAS 34 and include comparative information as follows:

Statement of financial position	:	31 March 2010 being the end of immediately preceding financial year
Statement of comprehensive income, statement of changes in equity and statement of cash flows	:	6 months ended 30 September 2009 being the comparable interim period of the immediate preceding financial year

1.4. General information

KSK Power Ventur plc, a limited liability corporation, is the Group's ultimate parent Company and is incorporated and domiciled in the Isle of Man. The address of the Company's registered Office, which is also principal place of business, is 15-19 Athol Street, Douglas, Isle of Man IM1 1LB. The Company's equity shares are listed on Standard List on the official list of the London Stock Exchange.

The Financial statements were approved by the Board of Directors on 20 November 2010

1.5. Basis of consolidation

The condensed interim consolidated financial statements incorporate the financial information of KSK Power Ventur plc, its subsidiaries and joint ventures for the six months ended 30 September 2010.

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 unrealized 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 recognized 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 recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. 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 IAS 39 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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

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 condensed interim consolidated financial statements, are as follows:

(a) Subsidiaries

Subsidiaries	Immediate parent	Country of incorporation	% shareholding 30 September 2010	31 March 2010	30 September 2009
KSK Energy Limited ('KEL')	KPVP	Mauritius	100	100	100
KSK Asset Management Services Private Limited ('KASL')	KPVP	Mauritius	100	100	100
KSK Energy Ventures Limited ('KEVL' or 'KSK India') (refer note 6)	KEL	India	52.73	52.73	55.25
KSK Energy Company Private Limited ('KECPL')	KEL	India	100	100	100
KSK Surya Ventures Limited *formerly* KSK Surya Holdings Limited ('KSVL')	KEL	Mauritius	100	100	100
KSK Surya Limited ('KSL')	KEL	Mauritius	100	100	100
KSK Emerging India Energy Private Limited I ('KSKEIEPL I')[1]	KASL	Mauritius	100	100	100
KSK Emerging India Energy Private Limited II ('KSKEIEPL II')[1]	KASL	Mauritius	100	100	100
KSK Electricity Financing India Private Limited ('KEFIPL')	KEVL	India	100	100	100
KSK Vidarbha Power Company Private Limited, ('KVPCPL')	KEVL	India	100	100	100
KSK Narmada Power Company Private Limited ('KNPCPL')	KEVL	India	100	100	100
KSK Wind Energy Private Limited ('KWEPL') *formerly* Bahur Power Company Private Limited ('BPCPL')	KEVL	India	100	100	100
KSK Technology Ventures Private Limited ('KTVPL')	KEVL	India	100	100	100
Sai Maithili Power Company Private Limited ('SMPCPL')	KEVL	India	100	100	100
KSK Dibbin Hydro Power Private Limited ('KDHPPL')	KEVL	India	100	100	100
Kameng Dam Hydro Power Private Limited ('KDHPL')	KEVL	India	100	100	100
KSK Mahanadi Power Company Limited ('KSKMPCL')	KEVL	India	99.99	99.99	99.99
KSK Upper Subansiri Hydro Energy Private Limited ('KSKUSHEPL')	KEVL	India	100	-	-
KSK Surya Photovoltaic Venture Private Limited ('KSPVPL')[3]	KSVL	India	100	100	100
Marudhar Mining Private Limited ('MMPL')	KECPL	India	100	100	100
Wardha Power Company Limited ('WPCL')[2]	KEFIPL	India	87	-	-
KSK Energy Resources Private Limited ('KERPL')	KECPL	India	100	100	100
KSK Mineral Resources Private Limited ('KMRPL')	KECPL	India	100	100	100
KSK Investment Advisor Private Limited ('KIAPL')	KECPL	India	100	100	100
KSK Water Infrastructures Private Limited ('KWIPL')	KECPL	India	100	100	100
KSK Power Transmission Ventures Private Limited ('KPTVPL')	KECPL	India	100	100	100
KSK Cargo Mover Private Limited ('KCMPL')	KECPL	India	100	100	100
SN Nirman Infra Projects Private Limied ('SNNIPPL')	KECPL	India	100	100	100

[1] As of 13 July 2009 pursuant to settlement agreement between KASL and KSK Emerging India Energy Fund Limited ("KSKEIEF"), entire shares held in KSKEIEPL I and KSKEIEPL II have been transferred by "KSKEIEF" to "KASL". (See note 10)

[2] On 27April 2010 the group acquired additional 13% stake in WPCL, consequently WPCL became the subsidiary of the Group (refer note 7(b))

[3] As at 31 March 2010 and 30 September 2009 all outstanding shares were held by KECPL.

(b) Joint ventures

Joint ventures	Immediate parent	Country of incorporation	% shareholding		
			30 September 2010	31 March 2010	30 September 2009
Sai Regency Power Corporation Private Limited (‘SRPCPL’)	KEFIPL	India	73.92	73.92	73.92
Arasmeta Captive Power Company Private Limited (‘ACPCPL’)	KEFIPL	India	51	51	51
Sitapuram Power Limited (‘SPL’)	KEFIPL	India	49	49	49
VS Lignite Power Private Limited (‘VSLPPL’)	KEFIPL	India	74	74	74
Wardha Power Company Limited (‘WPCL’)	KEFIPL	India	-	74	74
J R Power Gen Private Limited (‘JRPGPL’)	KEVL	India	51	51	51

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 decisions to which both parties must agree unanimously. Accordingly, these entities have been treated as jointly controlled entities.

2. Basis of preparation

The condensed interim consolidated and Company financial statements have been prepared on a historical cost basis, except for financial assets and liabilities at fair value through profit or loss account and available-for-sale financial assets measured at fair value.

The condensed interim consolidated and Company financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2010, which were prepared under International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”). The financial information set out in these financial statements does not constitute statutory accounts. The financial statement is unaudited but has been reviewed by Grant Thornton UK LLP and their report is set out at the end of this document.

The condensed interim financial statements 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.

3. 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 1April 2010, noted below:

IFRS 3 (R) Business Combinations

IFRS 3(R) has been adopted in the current period (business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009). In accordance with the relevant transitional provisions, IFRS 3(R) has been applied prospectively to business combinations for which the acquisition date is on or after 1 January 2009. The impact of the adoption of IFRS 3(R) Business Combinations has been:

- To allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as ‘minority’ interests) either at fair value or at the non-controlling interests’ share of the fair value of the identifiable net assets of the acquiree. However, in the current period, when accounting for the acquisition of WPCL, the Group has continued to measure the non-controlling interests at share of the fair value of identifiable net assets of the acquiree at the date of acquisition. Hence, IFRS 3 (R) has not impacted the measurement of non-controlling interests.

- In respect of the business combination achieved in stages, the previously held interest is remeasured to fair value at the acquisition date and a gain or loss is recognized in the income statement. The fair value of the previously held interest is then used to calculate goodwill, along with consideration and non controlling interest less the fair value of identifiable net assets. In the current period, when accounting for acquisition of WPCL, the Group has re-measured its earlier equity interest and accordingly de-recognise the goodwill paid on earlier acquisition and has computed the revised goodwill after considering the fair value of previously held interest and also recognised a gain on difference between the carrying value and the fair value of previously held interest.

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

In the current period, these changes in policies have affected the accounting for the acquisition of WPCL as follows:

Statement of financial position	30 September 2010
De-recognition of goodwill paid on earlier acquisition of equity interest in WPCL	(21,865)
Recognition of goodwill relating to fair value of previously held interest	4,452
Reduction in goodwill as a result of adoption of IFRS 3(R)	17,413

Statement of comprehensive income	30 September 2010
Gain on re-measurement of existing equity interest in WPCL	4,906
Increase in profit for the period as a result of adoption of IFRS 3(R)	4,906

IFRS 3(R) has also required additional disclosures in respect of the business combinations in the period (see note 7 b).

IAS 27 (R) Consolidated and Separate Financial Statements (Amended)

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The change in accounting policy was applied prospectively and it did not have any impact on the financial position or performance of the Group.

4. Significant accounting judgements, estimates and assumptions

There have been no significant changes in the significant accounting judgments, estimates and assumptions applied for the purposes of the preparation of these interim consolidated and Company financial statements.

5. Standards and interpretations not yet applied

Standards and Interpretations adopted by the European Union as at 30 September 2010

Standard	Description	Effective for in reporting periods starting on or after
IAS 24 (R)	Related Party Disclosures	1 January 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement-Amendments	1 January 2011

The management does not expect the application of the above standards to have any material impact on its financial statements when these Standards become effective. The Group does not intend to apply any of these pronouncements early.

Standards and Interpretations issued but not yet adopted by the European Union at the closing date

Standard	Description	Effective for in reporting periods starting on or after
IFRS 9	Financial Instruments	1 January 2013
IFRS 7	Transfers of Financial Assets- Amendments	1 July 2011
	Improvements to IFRS	Some changes effective from 1 July 2010, others effective from 1 January 2011

Based on the Group's current business model and accounting policies, management does not expect the application of the above standards, yet to be endorsed by EU, to have any material impact on its financial statements when those Standards become effective. The Group does not intend to apply any of these pronouncements early.

6. (a) Dilution of ownership interest in a subsidiary

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

As of 1 April 2009, KSK Energy Limited (KEL) held 191,221,952 equity shares (55.25 percent equity ownership) in KSK Energy Ventures Limited ('KEVL'). During the month of November 2009, KEVL issued additional 26,525,714 equity shares of face value of Rs 10 (US $ 0.20) each at a premium of Rs 184.50 (US $ 3.76) per share in the Indian domestic market by way of Qualified Institutional Placement (QIP). The issue was fully subscribed and KEVL raised Rs 5,048,079,807 (US $ 106,522) net of share issue expenses, net of deferred taxes of Rs 73,384,351 (US $ 1,537).

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

Pursuant to the issuance of the additional equity share's the ownership interest of the Group in KEVL decreased from 55.25 percent to 51.32 percent resulting in a 3.93 percent deemed partial disposal of the Group's controlling interest in a subsidiary without loss of control.

The partial disposal of the investment in a subsidiary without loss of control is accounted as an equity transaction, and no gain or loss is recognised in the consolidated statement of comprehensive income. The difference of US $ 37,405, (net of deferred tax) between the fair value of the net consideration received (US $ 106,522)) and the amount by which the non-controlling interest are adjusted (US $ 69,117), is credited to 'other reserve' within consolidated statement of changes in equity and attributed to the equity holders of the parent.

(b) Acquisition of non-controlling interest

During the month of February 2010, KSK Energy Company Private Limited (KECPL) acquired 5,284,555 equity shares of KSK Energy Ventures Limited (KEVL) of face value of Rs 10 (US $ 0.22) each at a premium of Rs 181.31 (US $ 4.02) per share from the Indian domestic market.

Pursuant to the acquisition of the additional equity share, the ownership interest of the Group in KEVL increased from 51.32 percent to 52.73 percent resulting in a 1.41 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 statement of comprehensive income. The difference of US $ 13,392, between the fair value of the net consideration paid (US $ 21,860) and the amount by which the non controlling interest (US $ 8,468) is adjusted and debited to 'other reserve' within consolidated statement of changes in equity and attributed to the equity holders of the parent.

7. Business combinations

The Group entered into the following business combinations during the period ended 30 September 2010, which are summarised as below:

a Acquisition of windmill undertaking

During the period ended 30 September 2010, the Group has acquired 26 windmill undertakings for a total consideration of US $ 5,194. The acquisition of the aforesaid mentioned windmills is accounted as a business combination and accordingly the purchase price was allocated to the assets and liabilities of the business based on their fair values as at the date of the acquisition. The fair values of the recognised assets and liabilities are determined based on purchase price allocation report issued by an independent valuer.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Amount (US $)
Tangible assets	15,435
Trade receivables	817
Trade and other payables	(11,058)
Total purchase consideration	5,194

There are no intangible assets identified in the transaction. Goodwill being immaterial has not been recognised.

From the date of the acquisition, the above acquired windmills have contributed US $ 1,856 of revenue of the group. Disclosure of the revenues and profit before tax, if the above business combination had been effected at the beginning of the year and the carrying amount of the acquiree's assets and liabilities immediately before the combination in accordance with IFRS was impracticable as the assets acquired form part of the pool of assets available with the acquiree and there are no separate accounting records maintained for the assets acquired in business combination.

b Acquisition of additional stake in Wardha Power Company Limited

Prior to 27 April 2010, the Group owned shares in WPCL representing 74% of the outstanding shares of WPCL. Effective 27 April 2010 the Group acquired a further 13% of the outstanding shares of WPCL and obtained control of WPCL.The Group has accounted for this acquisition as a business combinations and accordingly the purchase price was allocated to the assets and liabilities of the business based on their fair values as at the date of the acquisition. The fair values of the recognised assets and liabilities were determined based on a purchase price allocation report issued by an independent valuer.

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

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

	Fair values	Previous carrying values
Property, plant and equipment	546,811	513,956
Cash and short-term deposits	23,789	23,789
Trade and other receivable	1,196	1,196
Inventories	4,654	4,654
Financial and other instruments	35,774	35,774
Other current and non current assets	2,507	2,507
Deferred tax liability	(15,683)	(5,230)
Interest bearing loans and borrowings	(380,892)	(380,892)
Trade and other payable	(127,952)	(127,952)
Deferred revenue	(4,125)	(4,125)
Other current financial liability	(259)	(259)
Other current liability	(1,098)	(1,098)
Income taxes payable, net of advance taxes	(585)	(585)
Employee benefit liability	(59)	(59)
Purchase consideration	(16,164)	-
Fair value of existing interest	(62,217)	-
Non controlling interest	(10,930)	-
Goodwill	5,234	-

A part of the acquisitions cost may be attributed to the existing customer relationships. However, considering the energy deficit in Indian economy, the existing customer contacts at the agreed prices do not fetch any additional economic benefit to the Group which requires/warrants the recognition of the customer contracts as Intangible assets. Consequently, no value has been ascribed to such intangible assets. These circumstances contributed to the amount of goodwill recognised.

The revenue and profit before tax recognised in the consolidated financial statement for period ended 30 September 2010 from the date of acquisition due to the increased equity interest of the Group amounts to US $ 8,045 and US $ 3,142 respectively. Further the revenues and profit before tax for the period ended 30 September 2010 will be the same as mentioned above even if the business combination have affected at the beginning of the year.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of WPCL with those of the Group. None of the recognised goodwill is expected to be deductible for tax purposes.

The non-controlling interests in WPCL were measured at their proportionate share (13%) of WPCL's indefinable net assets which amounting to US $ 10,930. Further, the Group recognised a gain of US $ 4,906 as a result of measuring at fair value its 74% equity interest in WPCL held prior to the acquisition date. The above gain of US $ 4,906 has been arrived by deducting the difference between US $ 62,217 of fair value and US $ 57,311 of carrying value (along with the goodwill of US $ 21,865 paid on earlier acquisition of stake in WPCL). This gain is included within other operating income in the consolidated statement of comprehensive income.

c Call option on non-controlling interest

The Group has entered into an arrangement to acquire call option over specified percentage of ordinary shares of "KSK Energy Ventures Limited" (KEVL) held by minority shareholders. The call option allows the Group to acquire the non controlling interest up to 30 September 2011. Further, based on the terms and conditions, the arrangement has been treated as derivative over own equity instruments and are recorded in the consolidated statement of financial position at fair value through profit or loss at each reporting period. The fair value of the call option is estimated using black-sholes valuation model and the movement in the fair value is recognised as profit or loss in the consolidated statement of comprehensive income. As at 30 September 2010 the value of options is US $ 13,562.

The premium paid for the option amounts to US $ 9,225. The difference between premium paid for the option and fair value of the option as at 30 September 2010 has been recognized as fair value gain on financial assets at fair value through profit or loss within finance income in the consolidated and Company statement of comprehensive income.

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

8. 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.

Period ended 30 September 2010 (Unaudited)	**Project development activities**	**Power generating activities**	**Reconciling/ Elimination**	**Consolidated**
Revenue				
External customer	101	81,878	595	82,574
Inter-segment	9,855	-	(9,855)	-
Total revenue	**9,956**	**81,878**	**(9,260)**	**82,574**
Segment results (Refer note (f) below)	7,811	40,653	(7,532)	40,932
Unallocated expenses, net				(612)
Finance costs				(20,311)
Finance income				15,512
Profit before tax				**35,521**
Tax (expense) / income				1,784
Profit after tax				**37,305**
Segment assets	15,206	1,967,999	(708)	1,982,497
Unallocated assets				383,829
Total assets				**2,366,326**
Segment liabilities	3,727	106,501	(708)	109,520
Unallocated liabilities				1,380,255
Total liabilities				**1,489,775**
Other segment information:				
Depreciation	213	8,174	298	8,685
Capital expenditure	694	176,305	14,668	191,667

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

Period ended 30 September 2009 (Unaudited)	Project development activities	Power generating activities	Reconciling/ Elimination	Consolidated
Revenue				
External customer	4,199	20,180	-	24,379
Inter-segment	11,671	-	(11,671)	-
Total revenue	**15,870**	**20,180**	**(11,671)**	**24,379**
Segment results (Refer note (f) below)	**13,184**	**1,913**	**(10,351)**	**4,746**
Unallocated income, net (Refer note (g) below)				10,302
Finance costs				(6,948)
Finance income				32,242
Profit before tax				**40,342**
Tax (expense)/ income				(11,350)
Profit after tax				**28,992**
Segment assets	11,086	1,016,752	-	1,027,838
Unallocated assets				380,341
Total assets				**1,408,179**
Segment liabilities	6,012	71,332	-	77,344
Unallocated liabilities				765,328
Total liabilities				**842,672**
Other segment information:				
Depreciation	141	2,214	39	2,394
Capital expenditure	141	273,550	13,573	287,264

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 $15,512 and US $ 20,311 respectively (30 September 2009: US $ 32,242 and US $ 6,948 respectively).

c Segment assets do not include deferred tax US $ 9,240 (30 September 2009: US $ 7,729), financial assets and other investments US $ 276,237 (30 September 2009: US $ 206,483), short-term deposits with bank and cash US $ 23,625 (30 September 2009: US $ 97,392), non-current assets classified as held for sale US $ Nil (30 September 2009: US $ 21,663) and corporate assets US $ 74,727 (30 September 2009: US $ 47,074).

d Segment liabilities do not include deferred tax US $ 36,349 (September 2009: US $ 21,054), current tax payable US $ 847 (September 2009: US $ 1,326), interest-bearing current and non-current borrowings US $ 1,303,917 (September 2009: US $ 706,952) and corporate liabilities US $ 39,142 (September 2009: US $ 35,996)

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

f Includes loss on disposal of investment in joint venture amounting to US $ Nil (30 September 2009 US $ 2,743) and gain on re-measurement of existing equity interest in subsidiary amounting to US $ 4,906 (30 September 2009 US $ Nil)

g Unallocated income, net includes management fees amounting to US $ Nil (September 2009: US $ 11,128) (see note 10).

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

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9. Depreciation, costs of inventories included in the consolidated and Company's statements of comprehensive income

Depreciation and costs of inventories included in the consolidated statements of comprehensive income

	30 September 2010	30 September 2009
	(Unaudited)	(Unaudited)
Included in cost of revenue:		
Fuel costs	23,439	8,306
Depreciation	6,820	1,903
Included in general and administrative expenses:		
Depreciation	1,865	491

10. Other operating income, net

Other operating income comprises of:

	Consolidated		Company	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income from management fees, net[1]	244	11,406	-	-
Loss on disposal of investment in joint venture[2]	-	(2,743)	-	-
Gain on re-measurement of existing equity interest in subsidiary (refer note no 7 (b))	4,906	-	-	-
Gain on disposal of property, plant and equipment	64	-	-	-
Miscellaneous income	988	273	2	-
Total	**6,202**	**8,936**	**2**	**-**

[1]Includes, management fees amounting to US $ Nil (30 September 2009: US $ 11,128, net of legal and professional charges of US $ 2,620) received by KSK Asset Management Services Private Limited, ("KASL") pursuant to a settlement agreement entered into with KSK Emerging India Energy Fund Limited ("KEIEF") towards claims for loss of potential management fees. The claim was settled partly in cash US $ 5,360 (£ 3,368), and partly by transfer of the net assets of KSK emerging India Private Limited I ("KSKEIEPL I") and KSK emerging India Private Limited II ("KSKEIEPL II) US $ 8,388 (£ 5,271). Pursuant to the above, both KSKEIEPL I & KSKEIEPL II have become wholly owned subsidiaries of the Group.

[2]Loss on disposal of joint venture represents loss on sale of equity interest in RVK Energy Private Limited (RVK) and Kasargod Power Corporation Limited (KPCL).

11. Finance costs

Finance costs comprises of:

	Consolidated		Company	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest expenses on loans and borrowings [1,2]	18,624	5,601	63	1,068
Other finance costs	1,078	888	2	174
Foreign exchange difference, net	-	-	2,258	643
Fair value loss on financial assets at fair value through profit or loss	-	400	-	400
Unwinding of discounts	609	59	-	-
Total	**20,311**	**6,948**	**2,323**	**2,285**

[1] Interest expenses on loans and borrowings includes interest expenses on financial liability at fair value through profit or loss of US $ Nil (30 September 2009: US $ 1,068) in consolidated and Company financial statement.

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

[2] Borrowing cost capitalized during the period amounting to US $ 42,847 (30 September 2009 US $ 25,541)

12. Finance income

The finance income comprises of:

	Consolidated		Company	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income				
bank deposits	5,602	7,276	20	414
loans and receivables	3,233	2,946	83	-
Dividend income	154	342	-	-
Finance lease income	113	-	-	-
Gain on held-for-trading financial assets disposed	1,047	-	-	-
Fair value gain on financial assets at fair value through profit or loss. (see note no 7 (c))	4,359	631	4,337	-
Unwinding of discount on security deposits	537	-	-	-
Foreign exchange gain, net	410	11,529	-	-
Guarantee commission from subsidiary	-	-	672	720
Reclassification adjustment in respect of available for sale instrument disposed	57	9,518	-	-
Total	**15,512**	**32,242**	**5,112**	**1,134**

13. Tax (expense) / income

The major components of income tax for the period ended 30 September 2010 and 2009

	30 September 2010	30 September 2009
	(Unaudited)	(Unaudited)
Current tax	(3,435)	(6,610)
Deferred tax	5,219	(4,740)
Tax (expense) / income reported in the statement of comprehensive income	**1,784**	**(11,350)**

Deferred income tax at 30 September 2010 and 31 March 2010 relates to the following:

	30 September 2010	31 March 2010
	(Unaudited)	(Audited)
Deferred income tax assets		
Share issue expenses	2,504	2,962
Difference in depreciation on property, plant and equipment	8,853	6,980
Unused tax losses carried forward	17,130	-
MAT credit	4,253	2,468
Others	114	90
	32,854	**12,500**
Deferred income tax liabilities		
Difference in depreciation on property, plant and equipment[1]	34,310	17,549
Fair value adjustment on business combination	24,493	14,199
Others	1,160	906
	59,963	**32,654**
Deferred income tax liabilities, net	**(27,109)**	**(20,154)**

[1] Includes US $ 1,360 (31 March 2010 US $ Nil) on account of acquisition of additional controlling interest in WPCL.

The Group is subject to the provisions of Minimum Alternate Tax ('MAT') under the Indian Income taxes. Accordingly, the Group calculated the tax liability for current taxes in India after considering MAT.

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 utilized.

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

14. Goodwill and impairment testing

	30 September 2010 (Unaudited)	31 March 2010 (Audited)
Opening balance	84,482	73,030
Deemed disposal arising on acquisition achieved in stages (Refer Note 7(b))	(21,865)	(134)
Goodwill arising on acquisition (Refer Note 7(b))	5,234	-
Exchange adjustment	262	11,586
Closing balance	**68,113**	**84,482**

Goodwill is tested for impairment annually and there were no circumstances which indicated that the carrying value may be impaired. Hence no impairment testing was carried out in the interim period ended 30 September 2010.

15. Property, plant and equipment, net

The property, plant and equipment comprises of:

	Land and buildings	Power stations	Mining property	Other plant and equipment	Assets under construction	Total
Cost						
As at 1 April 2009 (Audited)	29,720	85,897	-	4,036	363,035	482,688
Additions	35,648	147,508	10,321	2,004	580,321	775,802
Disposals	(2,233)	(8,302)	-	(191)	-	(10,726)
Exchange adjustment	4,713	13,394	-	659	57,601	76,367
As at 31 March 2010 (Audited)	**67,848**	**238,497**	**10,321**	**6,508**	**1,000,957**	**1,324,131**
As at 1 April 2010 (Audited)	67,848	238,497	10,321	6,508	1,000,957	1,324,131
Additions[1]	85,158	288,519	-	1,613	(49,679)	325,611
Disposals	(761)	(504)	-	(2)	-	(1,267)
Exchange adjustment	208	740	32	20	3,101	4,101
As at 30 September 2010 (Unaudited)	**152,453**	**527,252**	**10,353**	**8,139**	**954,379**	**1,652,576**
Accumulated depreciation						
As of 1 April 2009 (Audited)	843	8,991	-	1,196	-	11,030
Additions	680	3,672	19	1,162	-	5,533
Disposals	(382)	(5,070)	-	(152)	-	(5,604)
Exchange adjustment	177	1,415	1	270	-	1,863
As at 31 March 2010 (Audited)	**1,318**	**9,008**	**20**	**2,476**	**-**	**12,822**
As at 1 April 2010 (Audited)	1,318	9,008	20	2,476	-	12,822
Additions[1]	1,109	6,618	203	1,068	-	8,998
Disposals	(1)	(66)	-	-	-	(67)
Exchange adjustment	36	222	6	32	-	296
As at 30 September 2010 (Unaudited)	**2,462**	**15,782**	**229**	**3,576**	**-**	**22,049**
Net book value						
As at 30 September 2010 (Unaudited)	**149,991**	**511,470**	**10,124**	**4,563**	**954,379**	**1,630,527**
As at 31 March 2010 (Audited)	**66,530**	**229,489**	**10,301**	**4,032**	**1,000,957**	**1,311,309**

[1] Additions include assets acquired on acquisition of additional controlling interest in a power generating assets (part capacity commissioned) in the state of Maharastra. The gross value of the land, power stations, other plant and equipment and assets under construction recognised in the Group's consolidated financial statements was U.S. $ 3,721, U.S. $ 12, U.S. $ 528 and U.S. $ 129,683 respectively and accumulated depreciation was US $ 45,US $ 1, US $ 267 and US $ Nil respectively

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

The net book value of land comprises of:

	30 September 2010 (Unaudited)	31 March 2010 (Audited)
Freehold	38,821	29,772
Leasehold	18,595	15,207
Total	**57,416**	**44,979**

16. Investments and other financial assets

	Consolidated		Company	
	30 September 2010	31 March 2010	30 September 2010	31 March 2010
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current				
Financial assets at fair value through profit or loss				
held for trading	3,127	10,422	-	-
derivative financial instrument-call option asset (see note 7 (c))	13,562	-	13,562	-
Loans and receivables	195,944	74,542	115,538	16,188
Loans and receivables from JV partners	15,566	26,234	-	-
Loans and receivables from subsidiaries	-	-	31,606	27,790
	228,199	**111,198**	**160,706**	**43,978**
Non-current				
Available-for-sale investments	14,649	8,526	-	-
Loans and receivables	35,402	33,776	-	-
Loans and receivables from JV partners	9,485	9,456	-	-
Investment in subsidiaries	-	-	46,325	46,318
	59,536	**51,758**	**46,325**	**46,318**
Total	**287,735**	**162,956**	**207,031**	**90,296**

Loans and receivables

This primarily includes interest-bearing inter-corporate deposits of US $ 49,883 (31 March 2010: US $ 39,950), deferred loan origination costs US $ 26,319 (31 March 2010: US $ 25,273), security deposit to suppliers US $ 20,103 (31 March 2010: US $ 13,902), advance for investments US $ 10,742 (31 March 2010: US $ 12,487), net proceeds receivable from issue of shares US $ 95,350 (31 March 2010: US $ Nil) and other financial assets US $ 28,949 (31 March 2010: US $ 16,706).

Loans and receivables to JV partners

This primarily includes the share application money in the joint venture entities, short-term loans to joint venture partners and redeemable preference share capital held in the joint venture entities redeemable between 5 to 20 years.

17. Other assets

	Consolidated		Company	
	30 September 2010	31 March 2010	30 September 2010	31 March 2010
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current				
Advance to suppliers	8,221	3,354	-	-
Prepayments	5,004	5,135	15	-
Income tax receivable	3,858	3,236	-	-
Other receivables	8,184	3,294	-	-
	25,267	**15,019**	**15**	**-**
Non-current				
Development of mineral assets	3,229	2,806	-	-
Pre-payments	18,820	13,059	-	-
	22,049	**15,865**	**-**	**-**
Total	**47,316**	**30,884**	**15**	**-**

As at 30 September 2010, other current assets of US $ 143 (31 March 2010 US $ 35) were collectively impaired and written off.

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

18. Trade and other receivables

	Consolidated		Company	
	30 September 2010	31 March 2010	30 September 2010	31 March 2010
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current				
Trade receivables	37,564	6,071	-	-
Unbilled revenues	2,400	1,065	-	-
Net investment in lease receivables	129	167	-	-
Interest accrued	11,697	14,836	86	46
	51,790	**22,139**	**86**	**46**
Non-current				
Trade receivables	2,898	2,778	-	-
Net investment in lease receivables	2,794	2,932	-	-
	5,692	**5,710**	**-**	**-**
Total	**57,482**	**27,849**	**86**	**46**

19. Inventories

	30 September 2010	31 March 2010
	(Unaudited)	(Audited)
Fuel (at cost)	10,433	4,429
Stores and spares (at cost)	3,972	3,306
Total	**14,405**	**7,735**

20. Cash and short-term deposits

Cash and short term deposits comprise of the following:

	Consolidated		Company	
	30 September 2010	31 March 2010	30 September 2010	31 March 2010
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Cash at banks and on hand	27,712	24,933	1,792	7,133
Short-term deposits	223,796	251,939	3,020	6,000
Total	**251,508**	**276,872**	**4,812**	**13,133**

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

	Consolidated		Company	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cash at banks and on hand	27,712	30,999	1,792	1,482
Short-term deposits	223,796	231,664	3,020	47,886
Less: Restricted cash[1]	(215,008)	(180,756)	-	-
Cash and cash equivalent	**36,500**	**81,907**	**4,812**	**49,368**

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

21. Issued share capital

During the six months ended 30 September 2010, the Company has issued 12,254,902 shares of US $ 0.002 (£ 0.001) each at a premium of US $ 8.08 (£ 5.10) and raised US $ 98,975 (£ 62,500). The transaction cost incurred adjusted with the consideration received amounted to US $ 3,511 (£ 2,217) and accordingly US $ 95,464 (£ 60,283) has been accounted as the net increase under equity on account of further issue of shares.

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

22. Interest-bearing loans and borrowings

The borrowings comprise of the following:

	Interest rate (range %)	Final Maturity	30 September 2010 (Unaudited)	31 March 2010 (Audited)
Long-term "project finance" loans	8.94 to 16.22	March-26	754,298	520,305
Short-term loans	4.50 to 18.00	December-11	80,386	173,046
L C bills discounting and buyers' credit facility	1.75 to 8.50	September-11	392,776	368,583
Cash credit and other working capital facilities	9 to 12.50	September-11	69,324	3,500
Share of loan in a joint venture	0.01	-	7,133	7,111
Total			**1,303,917**	**1,072,545**

The borrowings mature as follows:

	Consolidated		Company	
	30 September 2010 (Unaudited)	31 March 2010 (Audited)	30 September 2010 (Unaudited)	31 March 2010 (Audited)
Current liabilities				
Amounts falling due within one year	611,379	568,467	9,300	-
Non-current liabilities				
Amounts falling due after more than one year but not more than five years	359,825	291,938	-	-
Amounts falling due in more than five years	332,713	212,140	-	-
Total	**1,303,917**	**1,072,545**	**9,300**	**-**

23. Trade and other payables

	Consolidated		Company	
	30 September 2010 (Unaudited)	31 March 2010 (Audited)	30 September 2010 (Unaudited)	31 March 2010 (Audited)
Current				
Trade payables	79,337	62,498	137	976
Acquisition related liability	1,036	749	-	-
Share application money	30,360	19,657	-	-
Interest accrued but not due	5,336	7,632	65	-
	116,069	**90,536**	**202**	**976**
Non-current				
Trade payables	2,898	2,778	-	-
	2,898	**2,778**	**-**	**-**
Total	**118,967**	**93,314**	**202**	**976**

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

- Long-term trade payables are non-interest bearing and will be settled after seven years.
- Share application money represents application money paid by investor/customers for purchase of equity shares in subsidiaries/joint venture entities as at the reporting date.
- Interest accrued but not due is normally settled monthly throughout the financial year.

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

24. 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.

	30 September 2010 (Unaudited)	31 March 2010 (Audited)
Non-current		
Opening balance	1,984	1542
Translation difference	8	248
Arising during the period	-	-
Discount rate adjustment	73	194
Closing balance	**2,065**	**1,984**

25. Other current financial liabilities

	Consolidated		Company	
	30 September 2010 (Unaudited)	31 March 2010 (Audited)	30 September 2010 (Unaudited)	31 March 2010 (Audited)
Financial guarantee contracts	-	-	-	667
Derivatives not designated as hedge				
- Foreign exchange forward contracts	72	2,573	-	-
Total	**72**	**2,573**	**-**	**667**

26. Other current liabilities

	30 September 2010 (Unaudited)	31 March 2010 (Audited)
Statutory liabilities	1,824	4,003
Accruals	13,224	3,477
Others	354	353
Total	**15,402**	**7,833**

27. Related party transactions

Where control exists:

Name of the party	Nature of relationship
K&S Consulting Group Private Limited	Ultimate parent
Sayi Energy Ventur Limited	Immediate parent
Sayi Power Energy Limited	Intermediate parent

For detail list of subsidiaries and joint ventures see note 1.6

Key management personnel (KMP):

Name of the party	Nature of relationship
S Kishore	Executive Director
K A Sastry	Executive Director
T L Sankar	Chairman
S R Iyer	Director
Vladimir Dlouhy	Director
Krishnamurthy	Director of parent
Ramji Nassar	Director of parent

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

Related party transactions during the six months ended 30 September 2010

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 periods:

Particulars	Consolidated						Company	
	September 2010 (Unaudited)			September 2009 (Unaudited)			September2010 (Unaudited)	September 2009 (Unaudited)
	Joint Venture	Ultimate parent	KMP	Joint Venture	Ultimate parent	KMP	Subsidiaries	
Transactions[1,2]								
Project development fees and corporate support services	101	-	-	4,199	-	-	-	-
Interest income	1,150	-	-	4,637	-	-	-	-
Inter-corporate deposits and loans given	7,114	-	-	95,519	-	-	3,296	-
Inter-corporate deposits and loans repaid	3,267	-	-	46,532	-	-	156	1,205
Inter-corporate deposits and loans taken	104	-	-	-	-	-	-	-
Lignite excavation income	595	-	-	-	-	-	-	-
Finance lease income	113	-	-	-	-	-	-	-
Guarantees commission received from subsidiaries	-	-	-	-	-	-	672	720
Managerial remuneration	-	-	266	-	-	134	73	73
	September 2010 (Unaudited)			**September 2009 (Unaudited)**			**September 2010 (Unaudited)**	**September 2009 (Unaudited)**
Balances as at[1,2]								
Interest receivable	3,961	-	-	3,151	-	-	-	-
Loans and inter corporate deposits receivable	17,080	-	-	95,872	-	-	31,606	3,237
Loans and inter corporate deposits payable	107	-	-	-	-	-	-	-
Lease receivable	2,923	-	-	-	-	-	-	-
Receivable	94	-	-	2,166	-	-	-	-
Assets under construction	-	5,680	-	-	5,261	-	-	-
Due to key managerial personnel	-	-	61	-	-	38	37	31

[1] 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. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 September 2010, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (September 2009: US $ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

[2] The difference in the movement between the opening outstanding balances, transactions during the period and closing outstanding balances is on account of business combination and exchange adjustments.

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

28. Commitments and contingencies

Capital commitments

As at 30 September 2010, the Group is committed to purchase property, plant and equipment for US $ 2,879,229 (31 March 2010: US $ 2,797,398). In respect of its interest in a joint venture the Group is committed to incur capital expenditure of US $ 17,660 (31 March 2010: US $ 34,956).

Legal claim

Sitapuram Power Limited ('SPL') received billings totalling to US $ 1,748 from Transmission Corporation of AP Limited ('AP Transco') to pay contracted demand charges for the full month without any deference to the period of actual outage (and consequent drawl by SPL from the grid). The Group contends that since the electricity consumption was only in the time blocks of 15 minutes each, action of vendor of raising demand charges for full month is against the regulations and burdensome. Considering the facts and nature of claim and the judgement of Rajasthan Electricity Regulatory Commission and Chhattisgarh State Electricity Regulatory Commission, 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.

SPL also received claims for penal charges totalling to US $ 99 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.

29. Subsequent events:

a On 1 October 2010, KEVL has issued 100 million 8% Cumulative Redeemable Preference Shares of Rs 10 (US $ 0.22) each amounting to US $ 22,276 to L&T Infrastructure Finance Company Limited.

b On 6 November 2010, KSK Mahanadi Power Company Limited (KMPCL) has entered in to a Share Subscription Agreement with IFCI Limited (IFCI) for their investment in the equity share capital of KMPCL. KMPCL has allotted 238 million equity shares of Rs 10 each (US $ 0.22) and raised an amount of Rs 2,380,000,000 (US $ 53,017). Consequently IFCI holds 10.35% of paid up equity share capital of KMPCL.

Approved by the Board of Directors on 20 November 2010 and signed on behalf by:

S. Kishore	K. A. Sastry
Executive Director	Executive Director