KSK Power Ventur PLC - KSK
Half Yearly Report
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KSK Power Ventur plc
("KSK" or the "Group" or the "Company")

Interim Results for the six months ended 30 September 2014

KSK Power Ventur plc (KSK.L), the power project company listed on the London Stock Exchange, with interests in multiple power plants and businesses across India, is pleased to announce the interim un-audited results for the six months ended 30 September 2014.

Financial Highlights

- Group Revenue increased by 17% to $ 175.86 m (H1 2013: $ 150.68 m)
- Gross Profit decreased by 17% to $ 37.66 m (H1 2013: $ 45.27 m)
- Operating Profit decreased by 6% to $ 28.62 m (H1 2013: $ 30.36 m)
- Loss Before Tax reduced by 40% to $ 69.03 m* (H1 2013: $ 115.25 m)
- Investment in Property Plant and Equipment increased 3% to $ 3,309.38 m** (H1 2013: $ 3,215.28 m)

*Includes an unrealised exchange loss of $ 17.82 million due to the restatement of the foreign currency denominated monetary assets and liabilities being recognized.

**Incremental capex has been limited at KSK Mahanadi power plant and support infrastructure pending clarification on the various regulatory aspects and the overall environment

Operating Highlights

- KSK's operating assets recorded an aggregate generation of 2,949 MWh compared to 2,563 MWh for the same period during the previous year, an increase of 15%, with the following individual Plant Load Factors ("PLF"):

	30 Sep 2014		30 Sep 2013	
KSK Mahanadi (600 MW)	1,444 MWh	(55%)	-	-
Sai Wardha (540 MW)*	547 MWh	(23%)	1,507MWh	(64%)
VS Lignite (135 MW)	473 MWh	(80%)	503 MWh	(85%)
Sai Regency (58 MW)	217 MWh	(85%)	214 MWh	(84%)
Arasmeta (86 MW)**	95 MWh	(25%)	158 MWh	(42%)
Sitapuram Power (43 MW)	166 MWh	(88%)	171 MWh	(91%)
Solar Project (10 MW)	8 MWh	(19%)	10 MWh	(22%)

* PLF at Sai Wardha is expected to significantly rise to previous levels when alternative Power Purchase Agreements (PPAs) and additional scheduling with new industrial customers is implemented.

** PLF at Arasemta expected to recover to earlier levels simultaneously with second unit operation at KSK Mahanadi, under a new PPA arrangement with Chhattisgarh state

Key Performance Factors

The Company's performance during the first half of the financial year and the key determining factors moving forward can be primarily summarised as

Potential reduction of fuel costs at Sai Wardha: On 27th October 2014, following a detailed investigation and report by the office of the Director General, a landmark ruling from the Honourable Competition Commission of India, confirming Sai Wardha's claims, held that the Fuel Supply Agreement between Western Coal Fields Limited and Sai Wardha was in contravention of the Competition Act. Western Coal Fields Limited has been directed to undertake the necessary modifications to the Fuel Supply Agreement (FSA) within 60 days. It is now expected that the earlier unfairness embedded in the pricing formulae for coal will be corrected allowing Sai Wardha's financial performance to start improving during the last three months of the year.

Lower asset utilisation at Sai Wardha: While the above favourable ruling was only made very recently, during the first half of the year, the operating constraints with respect to coal supplies and costs, transmission corridor access and Power Purchase Agreements ("PPAs") continued, resulting in lower asset utilisation. While the Company has been seeking local regulatory intervention to enable enhanced utilisation through appropriate power agreements and transmission corridor access arrangements, a number of government owned new industrial customers, in the state of Maharashtra, are in discussion for direct offtake from the Sai Wardha power plant. These agreements, once concluded, could provide support for enhanced asset utilisation at Sai Wardha.

Efforts to address these issues are constantly being pursued and improvements are expected to occur over time. In the interim, reduced asset utilisation levels means revenue and profitability will be temporarily lower.

Higher asset utilisation at KSK Mahanadi: Gradual increase in generation has been experienced during the first half of the year at KSK Mahanadi, with 550+ MWh during the initial three months increased to generation of 900+ MWh in the subsequent three months. The generation is anticipated to substantially increase further during the last three months of the year upon obtaining the necessary interstate transmission corridor access for the export of power from the second 600 MW unit to Tamil Nadu utility under a long term PPA, which was originally committed to by Power Grid (the Government of India owned Transmission Company) to commence in August 2014.

KSK Mahanadi entered into a Power Purchase Agreement during November 2013 with the Southern State of Tamil Nadu for 500 MW of power supplies with an attractive tariff awarded under a competitive bidding process. The newly constructed 2000 MW NEW-SR transmission Grid, commissioned in January 2014 was expected to provide the transmission corridor access for the commencement of scheduled supplies to Tamil Nadu during the first half of the year. However, after much delay, permission was granted on 22nd September 2014 to start with an initial 179 MW of supplies and gradually increase to the full quantity of the PPA of 500 MW to Tamil Nadu. This was subsequently withheld due to intervention by the Central Electricity Regulatory Commission based on an approach by certain other customers not granted such facility. A final decision on the matter is expected shortly that will determine the quantum of transmission corridor access that would be made available immediately to KSK Mahanadi for power supplies to Tamil Nadu.

Additionally, we have been working on the early commencement of supplies to Uttar Pradesh with respect to the 1000 MW PPA, again with an attractive tariff awarded under a competitive bidding process. Similarly, the commencement of supplies under the PPA would be subject to the availability of transmission corridor access for supplies to the Northern Region.

The project enjoys a sustainable base for continued operations, subject to the necessary transmission corridor access, for commencement of supplies to the procuring utility customers. As a result, energy generation for the full year from the Company's generation assets is expected to be higher than the 6,500 MWh achieved during the previous year with the actual scale of increase depending on grant of interstate transmission corridor access by Power Grid.

Current Coal Supplies from Coal India: While the Company continues to explore alternate arrangements to address the developments on coal blocks and alternate long term arrangements, KSK Mahanadi currently enjoys a tapering fuel supply agreement with South Eastern Coal Fields (subsidiary of Coal India) that supports the immediate operations of 1.2 GW.

While efforts will continue, over the coming months, to secure the domestic fuel commitments over long term, in the interim coal imports from overseas through appropriate collaborative arrangements which are in place, are expected to provide additional fuel for the planned power generation from KSK Mahanadi.

Long Term Coal Supplies at KSK Mahanadi: The KSK Mahanadi power plant is configured based on the availability of long term fuel supplies from the Gare Pelma and Morga-II Coal blocks that were owned by state government undertakings. The supply coal was committed under long term Fuel Supply Agreements wherein the Company agreed to make available certain power supplies back to the state from the coal supplied. Following the Honourable Supreme Court of India's judgment dated 25th August, 2014 and subsequent order of 24th September, 2014 which cancelled the allocation of 204 Coal Blocks (including the Gare Pelma and Morga-II mines which were allotted earlier under the Government Dispensation) a new Coal Mines (Special provisions) Ordinance, 2014 was issued in October 2014.

The new statute, in addition to enabling direct allotment to Government Companies, allows power generation companies to directly secure domestic coal supplies through a public auction process. Draft rules and mechanisms are currently being formulated and it is expected that multiple coal mines could be made available under auction very shortly for eligible power generators. The Company is currently evaluating the various options and anticipates further progress at KSK Mahanadi to be contingent upon progress of these key aspects of fuel security being appropriately resolved.

Strategy Moving Forward

With an operating base rising to over 2 GW, the Company's immediate objective would be to enhance the PLF across the various projects over the next few months to higher levels. This would provide a substantial increase in the gross generation, providing a much larger base to absorb the related costs as well as provide the requisite incremental cash flows to meet Company requirements.

While work continues on a number of major initiatives in this regard, further capital expenditure commitments on KSK Mahanadi will be, as far as practicable, suitably modified to match the visibility and availability of suitably priced coal, with reasonable certainty of the transmission corridor access to allow the Company to deliver power to the utility consumers. The decision to proceed with the construction of each of the additional units will be concluded after due consultation with project lenders. When these matters are fully addressed, the Company has every confidence that it will secure the necessary further funding required to complete remaining major capital works, resulting in an improved financial performance over time. Such an approach would enable an equally higher control on additional indebtedness to be incurred by the Company to fund incremental capital expenditure program.

More importantly, the KSK Mahanadi assets continue to be intrinsically valuable and extremely attractive investments as large greenfield assets with significant common infrastructure for the entire facility already created and long term PPAs at reasonably attractive tariffs executed. The Management team continues to persist with efforts to address the new developments on fuel as well as other project aspects of KSK Mahanadi at the earliest as they would enable pursuit of additional future growth by the Company.

Commenting on the results, T. L. Sankar, Chairman of KSK said:

"These results are in the context of the extraordinary regulatory disruptions and difficult circumstances across the Indian power sector over the last 36 months and the challenging times and overall economic environment in India. The Company's management has continued its efforts to address the various challenges in its operating projects. Results are expected to further improve upon clarity emerging in the regulatory environment and the Company addressing the on-ground situations to co-ordinate planned generation with fuel supplies for the assets.

With a new government in New Delhi, decision making is coming through and Courts and Regulators are now seeking to establish a level playing field for power generation. Therefore, power generation is anticipated to play a central role in supporting the overall economic growth in the country over the next few years. With KSK's underlying assets, associated performance and opportunities, the Company is well positioned to be one of the more stable, valuable and sustainable players on the Indian power generation landscape.

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

For further information, please contact:

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Asset Updates

- **3.6 GW KSK MAHANADI POWER PROJECT**:

The total gross power generated in the plant during the review period was 1,444 MWh with an average PLF of 55%. Enhanced offtake from the first 600 MW unit coupled with the second 600 MW, which is physically complete and when it exports power will enable further improvement of the PLF during the second half of the financial year.

The construction activity at KSK Mahanadi, a large, single location, greenfield private power plant will continue in a phased manner with further unit commissioning now targeted over 2016 and 2017. The capital expenditure program on the construction of the remaining four units and associated infrastructure is conditional upon confirmation of availability of fuel supplies, transmission corridor access and other project aspects seamlessly synchronised for performance.

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

  The total gross power generated in the plant during the review period was 547 MWh with an average PLF of 23%. The low PLF reflects the challenging local operating environment and the fuel and transmission corridor access grid constraints experienced by the power plant.

  While the Company is negotiating power sale arrangements to commence supplies for part of the capacity that was earlier being supplied to R-infra, the balance capacity that was earmarked to be supplied to captive industrial consumers under the long term PPA commitments also experienced limitations on transmission corridor access from the local grid. A number of alternate PPA arrangements are under discussion and it is anticipated that these could provide the necessary additional utilisation.

  A number of developments early in the period, including unjustified higher coal prices, continued to adversely affect Sai Wardha Power's profitability and appropriate recompense from Western Coalfields Limited is being pursued to address this matter. The Company continues to use every effort to pursue coal price reduction and the granting of the necessary transmission corridor access permissions, which will ultimately lead to the enhanced utilisation and profitability of the Sai Wardha plant whereupon, profitability is expected to revert to the previously achieved levels.

- **135 MW VS LIGNITE POWER PRIVATE LIMITED (VSLP):**

  The total gross power generated in the plant during the year was 473 MWh, with an average PLF of 80%. The Company is continuing its efforts to secure necessary long term PPAs from the local grid as well as appropriate legal reliefs with respect to tariffs from industrial customers. The Company anticipates that industrial customers, who have previously experienced extremely high tariffs, will find the Company's power supplies and tariff proposition more attractive.

- **86 MW ARASMETA CAPTIVE POWER COMPANY LIMITED (ACPCL):**

  The total gross power generated in the plant during the year was 95 MWh, with an average PLF of 25%, primarily due to a graduated offtake under the long term PPA by the local utility, which was approved by the Regulatory Commission during May 2014.

With KSK Mahanadi under obligation to provide 225 MW to Chhattisgarh (the host state), an arrangement has been agreed, pursuant to consent by the state as well as project lenders at KSK Mahanadi, wherein 75 MW would be fulfilled from Arasmeta enabling the surplus power at KSK Mahanadi to be disposed at the higher tariff to other utilities. Enhanced scheduling at Arasmeta would be synchronous to the second 600 MW unit operations at KSK Mahanadi. As a result, the Company anticipates increased plant utilisation, power generation and revenue from the Arasmeta plant.

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

The total gross power generated in the combined cycle gas fired power plant during the year was 217 MWh, with an average PLF of 85%. With the continuous supply of gas and the efficient operation, the plant has produced an operational and financial performance, which the Company expects to continue in the future.

- **43 MW SITAPURAM POWER LIMITED (SPL):**

The total gross power generated in the plant during the year was 166 MWh, with an average PLF of 88%. Although the fuel cost for the period under review has increased due to an increase in coal prices from the Singareni Collieries Company Limited, as well as from open market purchases, the energy generated in the period has been supplied to the captive consumers in accordance with the provisions of the PPA, with the balance of power sold to other customers.

- **10 MW SAI MAITHILI SOLAR POWER PROJECT**:

The total gross power generated in the plant during the year was 8 MWh, with an average PLF of 19%. The 10 MW PV solar power generation plant is located in the state of Rajasthan, operating under the Jawaharlal Nehru National Solar Mission.

- **ANCILLARY INFRASTRUCTURE INITIATIVE AT KSK MAHANADI**

- **KSK Water Infrastructure:**

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

- **Raigarh Champa Rail Infrastructure:**

  The Company's 15.7 km inward railway line connecting the Mahanadi plant with the Indian Railways main line was completed, enabling the movement of coal into the power plant. As regards the 65.5 km line connecting the Gare Pelma coal block to the main line, this will be implemented after further clarity on the status of Gare Pelma coal block and supplies under FSA are available.

- **KSK Mineral Resources:**

  Further developments and further support under this would be contingent upon the Government decision on the Gare Pelma III coal block, which is expected in the next few months.

RENEWABLE POWER GENERATION:

The Company continues to pursue specific wind power generation initiatives as well as work on the hydro project portfolio for appropriate collaboration opportunities. In response to the continuing initiative of the Indian Government, the Company is seeking to develop an additional 250 MW of solar power generation projects in the medium term. Necessary progress has been made and procurement advances have been paid to procure equipment at competitive prices. The Tamil Nadu Electricity Regulatory Commission has stipulated the necessary tariff arrangement and the Company is in discussion with Tamil Nadu for necessary PPA arrangements and execution of PPA at the earliest.

EQUITY AND FINANCING ARRANGEMENTS

During the period, c. £40 million of equity was raised by KSK Energy Ventures Limited ("KSKEV"), KSK's listed Indian subsidiary, through a Qualified Institutional Placement. Pursuant to approval of Foreign Investment Promotion Board, which was obtained in September 2014, 80.8 million warrants convertible into equivalent equity shares at KSKEV have been allotted by KSKEV in favour of KSK, enabling KSK's interest in KSKEV at 72.90% level.

Earlier the Company secured debt financing within its Indian holding companies that enabled the earlier tender offer as well as the buyout of the entire minority of the KSK Mahanadi project, resulting in KSK owning a substantial interest in KSKEV, the subsidiary which owns the majority interest in KSK Mahanadi Power Company Limited. Also, the Company is pursuing further refinancing opportunities on more favourable terms at the operating project level as well to provide the necessary liquidity to retire part of the existing higher rate debt.

With some of the new developments addressed, the Company has every confidence that it will secure the necessary further funding as may be required, in appropriate formats, to complete remaining major capital expenditure, resulting in an enhanced operational profile and resultant improved financial performance over time.

OUTLOOK

With unfulfilled demand for power generation in India expected to continue to grow through the coming decade, coupled with the high quality of the Company's expanding asset base, a proven execution capability, and an increasingly efficient business structure, KSK is well positioned to address the Indian power generation opportunities. We anticipate further growth upon securing fuel supplies pursuant to the new statute. As outstanding issues are resolved, and with the successful phased completion of the balance of the units of the 3.6 GW KSK Mahanadi power project being added to the Company's existing portfolio, the Board believes KSK will be one of India's leading suppliers of power.

PRINCIPAL RISKS AND UNCERTAINITIES

The business of the Company is subject to a variety of risks and uncertainties which, if they occur may have a materially adverse effect on the Company's business or financial condition, results or future operations. The risks & uncertainties set out in this document are not exhaustive and there may be risks of which the Board is not aware or believes to be immaterial, which may, in the future, adversely affect the Company's business. The risks and uncertainties faced by the Company and the industry as a whole have been previously provided in detail in the Annual Reports of the Company and the Interim Statements. The majority of the risks previously identified have not significantly changed. While the Company attempts to address the same, the key risks and uncertainties continued to be faced by the Company are as follows:

- Delays in government decisions or implementation of earlier government decisions along with continual inconsistencies in government policies across departments and retrospective amendments to the existing policies or introduction of new policies;

- Deviation from approved government policies and abuse of market dominance position by certain contractual counter parties;
- Denial of fuel supplies pursuant to cancellations, shortage of fuel and dependence on market based or imported fuel which are subject to market vagaries and other uncertainties;
- Economic slowdown and negative sectoral outlook with resultant impact on banking sector delays in agreed project disbursements and timely availability of credit;
- Delays in enforcement of contractual rights or legal remedies with government counter parties undertaking fuel supplies, power off take, transmission corridor access amongst others;
- PPA counter parties going contrary to pre agreed understanding and seeking benefits from the power generators that are often in conflict with shareholder obligations to further the business;
- Unusual currency depreciation that adversely effects the cost of project imports, project implementation, and repayment obligations;
- Logistics bottlenecks and other infrastructure constraints of various agencies;
- Challenges in the development of support infrastructure for the power projects including physical hindrances and delay in the issue of permits and clearances associated with land acquisitions; and
- Political and economic instability, global financial turmoil and the resultant fiscal and monetary policies as well as currency depreciation resulting in increasing cost structures.

A full set of condensed interim unaudited consolidated financial statements will be available from the Company websites: www.kskplc.co.uk

An extract of the interim un-audited results for the six months ended 30 September 2014 is shown below.

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NOTES TO INTERIM CONDENSED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

INTERIM CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
as at 30 September 2014
(All amount in thousands of US $, unless otherwise stated)

		Consolidated		Company	
	Notes	**30 September 2014**	**31 March 2014**	**30 September 2014**	**31 March 2014**
ASSETS					
Non-current					
Property, plant and equipment		3,309,384	3,215,282	-	-
Intangible assets and goodwill		19,611	20,245	-	-
Investments and other financial assets	5	149,005	154,577	398,760	366,767
Other non-current assets		97,189	98,461	-	-
Trade and other receivables		3,792	3,422	-	-
Deferred tax asset		50,534	33,269	-	-
		3,629,515	3,525,256	398,760	366,767
Current					
Investments and other financial assets	5	83,224	73,240	29	4
Other current assets		30,521	22,688	589	391
Trade and other receivables		170, 672	158,139	-	-
Inventories		27,017	24,588	-	-
Cash and short-term deposits	6	194,091	194,054	1,358	173
		505,525	472,709	1,976	568
Assets held for sale		-	18,456	-	-
Total assets		**4,135,040**	**4,016,421**	**400,736**	**367,335**
EQUITY AND LIABILITIES					
Issued capital		289	289	289	289
Share premium		287,191	287,191	287,191	287,191
Share application money		16,498	18,000	16,498	18,000
Foreign currency translation reserve		(125,124)	(113,933)	10,769	12,580
Revaluation reserve		2,567	2,614	-	-
Capital redemption reserve		10,942	5,461	-	-
Other reserves		151,284	143,615	68	10
Retained earnings / (Accumulated deficit)		21,607	69,254	(16,377)	(14,249)
Equity attributable to owners of the Company		365,254	412,491	298,438	303,821
Non-controlling interests		207,792	169,782	-	-
Total equity		573,046	582,273	298,438	303,821
Non-current liabilities					
Interest-bearing loans and borrowings	7	2,576,970	1,943,926	-	-
Other non-current financial liabilities	8	26,189	28,193	-	-
Trade and other payables		51,093	51,110	-	-
Provisions		2,515	2,494	-	-
Deferred revenue		4,726	4,974	-	-
Employee benefit liability		460	495	-	-

	Notes	Consolidated		Company	
		30 September 2014	31 March 2014	30 September 2014	31 March 2014
Deferred tax liabilities		35,869	31,567	-	-
		2,697,822	2,062,759	-	-
Current liabilities					
Interest-bearing loans and borrowings	7	536,131	944,750	100,912	62,028
Other current financial liabilities	8	5,042	5,073	-	-
Trade and other payables		310,997	391,124	1,386	1,486
Deferred revenue		712	740	-	-
Other current liabilities		8,331	9,336	-	-
Taxes payable		2,959	1,910	-	-
		864,172	1,352,933	102,298	63,514
Liabilities associated with assets held for sale		-	18,456	-	-
Total liabilities		3,561,994	3,434,148	102,298	63,514
Total equity and liabilities		**4,135,040**	**4,016,421**	**400,736**	**367,335**

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

Approved by the Board of Directors on 27 November 2014 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

INTERIM CONSOLIDATED AND COMPANY INCOME STATEMENT
for the six months ended 30 September 2014
(All amount in thousands of US $, unless otherwise stated)

	Notes	Consolidated		Company	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
Revenue	9	175,855	150,675	-	-
Cost of revenue		(138,191)	(105,402)	-	-
Gross profit		**37,664**	**45,273**	**-**	**-**
Other operating income		8,623	2,846	-	-
Distribution costs		(4,682)	(5,619)	-	-
General and administrative expenses		(12,981)	(12,136)	(474)	(633)
Operating profit / (loss)		**28,624**	**30,364**	**(474)**	**(633)**
Finance costs	10	(106,695)	(174,368)	(1,654)	(1,967)
Finance income	11	9,037	28,757	-	-
Loss before tax		**(69,034)**	**(115,247)**	**(2,128)**	**(2,600)**

Tax income	12	12,386	35,651	-	-
Loss for the period		**(56,648)**	**(79,596)**	**(2,128)**	**(2,600)**
Attributable to:					
Owners of the Company		(44,600)	(63,198)	(2,128)	(2,600)
Non-controlling interests		(12,048)	(16,398)	-	-
		(56,648)	**(79,596)**	**(2,128)**	**(2,600)**
Loss per share					
Weighted average number of ordinary shares for basic and diluted earnings per share		175,308,600	159,378,600		
Basic and diluted loss per share (US $)		(0.25)	(0.40)		

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

Approved by the Board of Directors on 27 November 2014 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

INTERIM CONSOLIDATED AND COMPANY STATEMENT OF OTHER COMPREHENSIVE INCOME for the six months ended 30 September 2014

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

	Notes	Consolidated		Company	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
Loss for the period		**(56,648)**	**(79,596)**	**(2,128)**	**(2,600)**
Items that will never be reclassified to income statement					
Re-measurement of defined benefit liability		111	349	-	-
Income tax relating to re-measurement of defined benefit liability		(40)	(112)	-	-
		71	**237**	**-**	**-**
Items that are or may be reclassified subsequently to income statement					
Foreign currency translation differences		(16,926)	(78,368)	(1,811)	4,113
Available-for-sale financial assets					
- current period gain / (losses)		652	(2,428)	-	-
- reclassification to income statement		33	2,370	-	-
Income tax relating to available for sale financial asset		59	37	-	-

	(16,182)	**(78,389)**	**(1,811)**	**4,113**
Other comprehensive (expense) / income, net of tax	**(16,111)**	**(78,152)**	**(1,811)**	**4,113**
Total comprehensive (expense) / income for the period	**(72,759)**	**(157,748)**	**(3,939)**	**1,513**
Attributable to:				
Owners of the Company	(55,042)	(116,089)	(3,939)	1,513
Non-controlling interests	(17,717)	(41,659)	-	-
	(72,759)	**(157,748)**	**(3,939)**	**1,513**

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

Approved by the Board of Directors on 27 November 2014 and signed on behalf by:

S. Kishore
Executive Director

K. A. Sastry
Executive Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2013
(All amount in thousands of US $, unless otherwise stated)

	Attributable to owners of the Company								
	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 2013 (Restated)	**263**	**253,890**	**(78,535)**	**2,752**	**142,262**	**120,939**	**441,571**	**199,615**	**641,186**
Issuance of equity shares by subsidiary	-	-	-	-	42	-	42	(42)	-
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-	2,152	2,152	(2,152)	-
Net depreciation transfer for property, plant and equipment	-	-	-	(94)	-	94	-	-	-
Transaction with owners	-	-	-	**(94)**	**42**	**2,246**	**2,194**	**(2,194)**	-
Loss for the period	-	-	-	-	-	(63,198)	(63,198)	(16,398)	**(79,596)**
Other comprehensive income									
Items that will never be reclassified to income statement									
Re-measurement of defined benefit liability	-	-	-	-	328	-	328	21	**349**
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	(112)	-	(112)	-	**(112)**
Items that are or may be reclassified subsequently to income statement									
Foreign currency translation differences	-	-	(53,091)	-	-	-	(53,091)	(25,277)	**(78,368)**
Available-for-sale financial assets									
- current period (losses) / gains	-	-	-	-	(2,414)	-	(2,414)	(14)	**(2,428)**
- reclassification to profit or loss	-	-	-	-	2,370	-	2,370	-	**2,370**
Income tax relating to available-for-sale financial asset	-	-	-	-	28	-	28	9	**37**
Total comprehensive (expense) / income for the period	-	-	**(53,091)**	-	**200**	**(63,198)**	**(116,089)**	**(41,659)**	**(157,748)**
Balance as at 30 September 2013	**263**	**253,890**	**(131,626)**	**2,658**	**142,504**	**59,987**	**327,676**	**155,762**	**483,438**

(See accompanying notes to the interim condensed 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 the Statement of changes in equity is calculated in the proportion of the actual shareholding as at the reporting date.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2014
(All amount in thousands of US $, unless otherwise stated)

	Attributable to owners of Company									Non - controlling interests	Total equity
	Issued capital	**Share premium**	**Share application money**	**Foreign currency translation reserve**	**Revaluation reserve**	**Capital redemption reserve**	**Other reserves**	**Retained earnings**	**Total**		
As at 1 April 2014	**289**	**287,191**	**18,000**	**(113,933)**	**2,614**	**5,461**	**143,615**	**69,254**	**412,491**	**169,782**	**582,273**
Refund of share application money	-	-	(1,502)	-	-	-	-	-	**(1,502)**	-	**(1,502)**
Issuance of equity shares by subsidiary (refer note 4a and 4b)	-	-	-	-	-	-	6,862	-	**6,862**	58,114	**64,976**
Transfer of economic interest to non-controlling interests[1]	-	-	-	-	-		-	2,387	**2,387**	(2,387)	**-**
Equity-settled share based payment	-	-	-	-	-	-	58	-	58	-	**58**
Transfer of profit to capital redemption reserve	-	-	-	-	-	5,481		(5,481)	-	-	-
Net depreciation transfer for property, plant and equipment	-	-	-	-	(47)	-	-	47	-	-	-
Transaction with owners	**-**	**-**	**(1,502)**	**-**	**(47)**	**5,481**	**6,920**	**(3,047)**	**7,805**	**55,727**	**63,532**
Loss for the period	-	-	-	-	-	-	-	(44,600)	(44,600)	(12,048)	**(56,648)**
Other comprehensive income											
Items that will never be reclassified to income statement											
Re-measurement of defined benefit liability	-	-	-	-	-	-	89	-	89	22	**111**
Income tax relating to re-measurement of defined benefit liability	-	-	-	-	-	-	(40)	-	(40)	-	**(40)**
Items that are or may be reclassified subsequently to income statement											
Foreign currency translation differences	-	-	-	(11,191)	-	-	-	-	(11,191)	(5,735)	**(16,926)**
Available-for-sale financial assets											
- current period (losses) / gains	-	-	-	-	-	-	627	-	627	25	**652**
- reclassification to profit or loss	-	-	-	-	-	-	33	-	33	-	**33**
Income tax relating to available-for-sale financial asset	-	-	-	-	-	-	40	-	40	19	**59**
Total comprehensive (expense) / income for the period	**-**	**-**	**-**	**(11,191)**	**-**	**-**	**749**	**(44,600)**	**(55,042)**	**(17,717)**	**(72,759)**
Balance as at 30 September 2014	**289**	**287,191**	**16,498**	**(125,124)**	**2,567**	**10,942**	**151,284**	**21,607**	**365,254**	**207,792**	**573,046**

(See accompanying notes to the interim condensed 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 the Statement of changes in equity is calculated in the proportion of the actual shareholding as at the reporting date.

INTERIM COMPANY STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2014
(All amount in thousands of US $, unless otherwise stated)

	Issued capital	Share premium	Share application money	Foreign currency translation reserve	Other reserve	Accumulated deficit	Total equity
As at 1 April 2013	**263**	**253,890**	**-**	**6,420**	**-**	**(10,049)**	**250,524**
Transaction with owners	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(2,600)	(2,600)
Other comprehensive income							
Foreign currency translation differences	-	-	-	4,113	-	**-**	**4,113**
Total comprehensive income / (expense) for the period	**-**	**-**	**-**	**4,113**	**-**	**(2,600)**	**1,513**
Balance as at 30 September 2013	**263**	**253,890**	**-**	**10,533**	**-**	**(12,649)**	**252,037**
As at 1 April 2014	**289**	**287,191**	**18,000**	**12,580**	**10**	**(14,249)**	**303,821**
Refund of share application money	-	-	(1,502)	-	-	-	(1,502)
Equity-settled share based payment	-	-	-	-	58		58
Transaction with owners	**-**	**-**	**(1,502)**	**-**	**58**	**-**	**(1,444)**
Loss for the period	-	-	-	-	-	(2,128)	(2,128)
Other comprehensive income							
Foreign currency translation differences	-	-	-	(1,811)	-	-	(1,811)
Total comprehensive income / (expense) for the period	**-**	**-**	**-**	**(1,811)**	**-**	**(2,128)**	**(3,939)**
Balance as at 30 September 2014	**289**	**287,191**	**16,498**	**10,769**	**68**	**(16,377)**	**298,438**

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

INTERIM CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS
for the six months ended 30 September 2014
(All amount in thousands of US $, unless otherwise stated)

	Consolidated		Company	
	30 September 2014	**30 September 2013**	**30 September 2014**	**30 September 2013**
Cash inflow / (outflow) from operating activities				
Loss before tax	(69,034)	(115,247)	(2,128)	(2,600)
Adjustment				
Depreciation and amortization	29,723	18,656	-	-
Finance cost	102,248	167,793	1,575	1,975
Finance income	(9,037)	(28,757)	-	-
Provision and impairment of trade receivable and	33	4,159	-	326

other financial assets.				
(Profit) / loss on sale of fixed assets, net	212	(408)	-	-
others	112	237	58	-
Change in				
Trade receivables and unbilled revenue	(12,849)	(20,886)	-	-
Inventories	(2,429)	(13,423)	-	-
Other assets	(2,090)	(28,104)	(214)	195
Trade payables and other liabilities	4,182	31,069	(65)	(68)
Provisions and employee benefit liability	(35)	(263)	-	-
Cash generated from /(used in) operating activities	41,036	14,826	(774)	(172)
Taxes paid, net	(2,330)	(1,588)	-	-
Net cash provided by / (used in) operating activities	**38,706**	**13,238**	**(774)**	**(172)**
Cash inflow / (outflow) from investing activities				
Movement in restricted cash, net	(16,781)	76,244	-	-
Purchase of property, plant and equipment and other noncurrent assets	(234,785)	(133,593)	-	-
Proceeds from sale of property, plant and equipment	38,914	772	-	-
Purchase of financial assets	(32,738)	(12,458)	(34,758)	(5,009)
Proceeds from sale of financial assets	32,266	30,107	-	-
Dividend received	93	70	-	-
Finance income received	7,881	17,012	-	-
Net cash flow used in investing activities	**(205,150)**	**(21,846)**	**(34,758)**	**(5,009)**
Cash inflow / (outflow) from financing activities				
Proceeds from borrowings	721,780	659,799	39,882	6,064
Repayment of borrowings	(421,630)	(504,306)	-	-
Finance costs paid	(202,933)	(145,840)	(2,447)	(1,161)
Payment of derivative liability	(2,451)	(1,271)	-	-
Net proceeds from issue of shares and share application money in subsidiary to non-controlling interest	64,976	446	-	-
Refund of share application money	(3,285)	-	(1,502)	-
Net cash flow provided by financing activities	**156,457**	**8,828**	**35,933**	**4,903**
Effect of exchange rate changes	(6,758)	(20,148)	784	-
Net increase/(decrease) in cash and cash equivalent	**(16,745)**	**(19,928)**	**1,185**	**(278)**
Cash and cash equivalents at the beginning of the period	55,934	43,834	173	287
Cash and cash equivalents at the end of the period (note 6)	**39,189**	**23,906**	**1,358**	**9**

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

NOTES TO INTERIM CONDENSED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
for the six months ended 30 September 2014

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.

The financial statements were authorised for issue by the Board of Directors on 27 November 2014.

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 European Union ('EU');

b. the Interim management report contained in this document includes a fair review of the information required by the Financial Conduct 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 2014, which have been prepared in accordance with IFRSs.

e. The financial information set out in these financial statements does not constitute statutory accounts. The financial statement is unaudited but has been reviewed by KPMG Audit LLC and their report is set out at the end of this document.

1.3. Financial period

The interim condensed Consolidated and Company financial statements are for the six months ended 30 September 2014. The comparative information required by IAS 1 were determined using IAS 34 and include comparative information as follows:

Statement of financial position :	31 March 2014 being the end of immediately preceding financial year.
Income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows	Six months ended 30 September 2013 being the comparable interim period of the immediate preceding financial year.

1.4. Basis of preparation

These interim condensed Consolidated and Company financial statements have been prepared under International Accounting Standards-34- "Interim Financial Reporting" as adopted by the European Union.

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

- derivative financial instruments that are measured at fair value;

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

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

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

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 twelve months. The Group requires funds both for short-term operational needs as well as for long-term capital investment programmes primarily at KMPCL and ancillary infrastructure projects for its power plants. The Group currently has net current liabilities of US $ 358,647. A number of the facilities that are due to expire by 30 September 2015 are typically extended and have rollover clause in a number of cases that would ultimately translate to non-current liabilities or sustained by nature of working capital facilities.

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 $ 521,441 together with cash and short term deposits of US $ 194,091 as at 30 September 2014 on a consolidated basis are expected to be utilised to meet the liquidity requirement of the Group in the near future.

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

2. Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year.

3. 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 condensed Consolidated and Company financial statements.

4. Dilution of ownership interest in a subsidiary

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

During the period ended 30 September 2014, KEVL issued additional 40,404,040 equity shares of face value of Rs. 10 (US $ 0.17) each at a premium of Rs. 89 (US $ 1.48) per share in the Indian domestic market by way of Qualified Institutional Placement (QIP). The issue was fully subscribed and KEVL raised Rs. 3,911,991,680 (US $ 64,976) net of share issue expenses of Rs 88,008,280 (US $ 1,462).

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

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 income statement. The difference of US $ 6,867, between the fair value of the net consideration received (US $ 64,976) and the amount by which the minority interest are adjusted (US $ 58,109), is credited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the Company.

b. During the period ended 30 September 2014, the Group has issued additional 370,000,000 shares in KSK Mahanadi Power Company Limited ("KMPCL") to KSK Energy Ventures Limited ("KEVL") and Sai Regency Power Corporation Private Limited ("SRPCPL") at a face value of Rs 10 (US $ 0.17) at par. The above transaction has resulted in dilution of 0.31 % of interest in subsidiary to non-controlling interest.

The dilution of interest in subsidiary to 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 $ (5) between the fair value of the net consideration paid (US $ Nil) and the amount by which the non-controlling interest US $ 5 is adjusted are debited to 'other reserve' within consolidated statement of changes in equity and attributed to the owners of the Company.

5. Investments and other financial assets

	Consolidated		Company	
	30 September 2014	**31 March 2014**	**30 September 2014**	**31 March 2014**
Current				
Financial assets at fair value through profit or loss				
- held-for-trading	2,549	130	-	-
- Derivative assets	422	-	-	-
Loans and receivables	78,402	72,333	29	4
Loans to and receivables from JV partners	1,851	777	-	-
	83,224	**73,240**	**29**	**4**
Non-current				
Financial assets at fair value through profit or loss				
- Derivative assets	49,604	50,196	-	-
Available-for-sale investments	22,860	22,865	-	-
Deposit with banks	10,346	10,953	-	-
Loans and receivables	35,127	39,336	5,525	5,660
Loans to and receivables from JV partners	31,068	31,227	-	-
Loans to and receivable from subsidiaries	-	-	166,068	133,873
Investment in subsidiaries	-	-	227,167	227,234
	149,005	**154,577**	**398,760**	**366,767**
Total	**232,229**	**227,817**	**398,789**	**366,771**

Impairment of financial assets

During the period ended 30 September 2014, the Group's available-for-sale financial asset of US $ 33 (31 March 2014: US $ 2,986) and loans and receivable of US $ Nil (31 March 2014: US $ 1,657) were collectively impaired.

During the period ended 30 September 2014, the Company's loans and receivable of US $ Nil (31 March 2014: US $ 335) were collectively impaired.

6. Cash and short-term deposits

Cash and short-term deposits comprise of the following:

	Consolidated		Company	
	30 September 2014	31 March 2014	30 September 2014	31 March 2014
Cash at banks and on hand	39,189	55,810	1,358	173
Short-term deposits	154,902	138,244	-	-
Total	**194,091**	**194,054**	**1,358**	**173**

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

	Consolidated		Company	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Cash at banks and on hand	39,189	23,793	1,358	9
Short-term deposits	154,902	185,299	-	-
Total	**194,091**	**209,092**	**1,358**	**9**
Less: Restricted cash[1]	(154,902)	(185,186)	-	-
Cash and cash equivalent	**39,189**	**23,906**	**1,358**	**9**

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

7. Interest-bearing loans and borrowings

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

	Final Maturity	Consolidated		Company	
		30 September 2014	31 March 2014	30 September 2014	31 March 2014
Long-term "project finance" loans	April-28	2,565,974	2,153,328	-	-
Short-term loans	December-15	202,096	230,856	52,059	12,177
Buyers' credit facility	September-16	188,419	372,892	48,853	49,851
Cash credit and other working capital facilities	September-15	101,024	99,823	-	-
Redeemable preference shares	February-28	11,760	17,591	-	-
Debentures	March-25	43,828	14,186	-	-
Total		**3,113,101**	**2,888,676**	**100,912**	**62,028**

The interest-bearing loans and borrowings mature as follows:

	Consolidated		Company	
	30 September	31 March 2014	30 September	31 March 2014

	2014		2014	
Current liabilities				
Amounts falling due within one year	536,131	944,750	100,912	62,028
Non-current liabilities				
Amounts falling due after more than one year but not more than five years	920,802	982,475	-	-
Amounts falling due in more than five years	1,656,168	961,451	-	-
Total	**3,113,101**	**2,888,676**	**100,912**	**62,028**

Total debt of US $ 3,113,101 (31 March 2014: US $ 2,888,676) comprised:

- Long-term "project finance" loans of the Group amounting US $ 2,565,974 (31 March 2014: US $ 2,153,328) 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 the Company and KEVL.
- A number of the facilities that are due to expire at 30 September 2015 are in the process of being extended and have rollover clause in a number of cases.
- Cash credit and other working capital facilities are fully secured against property, plant and equipment and other assets on pari-passu basis with other lenders of the respective entities availing the loan facilities.
- Redeemable preference shares are due for repayment in 1-13 year.
- Debentures are secured on the property, plant and equipment and other assets of subsidiaries that operate power stations, allied services and by a pledge over the promoter's shareholding in equity capital of some of the subsidiaries.

8. Other financial liabilities

	Consolidated	
	30 September 2014	**31 March 2014**
Current		
Option premium payable	5,042	5,020
Provision for mark to market loss on derivative instruments	-	53
	5,042	**5,073**
Non-Current		
Option premium payable	24,620	27,148
Provision for mark to market loss on derivative instruments	1,569	1,045
	26,189	**28,193**
Total	**31,231**	**33,266**

9. 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 2014	**Project development activities**	**Power generating activities**	**Reconciling / Elimination activities**	**Consolidated**
Revenue				
External customers	52	175,803	-	175,855
Inter-segment	4,122	-	(4,122)	-
Total revenue	**4,174**	**175,803**	**(4,122)**	**175,855**
Segment operating results	3,253	26,681	(540)	29,394
Unallocated operating expenses, net				(770)
Finance costs				(106,695)
Finance income				9,037
Loss before tax				**(69,034)**
Tax income				12,386
Loss after tax				**(56,648)**
Segment assets	11,720	3,894,662	(2,076)	3,904,306
Unallocated assets				230,734
Total assets				**4,135,040**
Segment liabilities	3,747	287,361	(2,076)	289,032
Unallocated liabilities				3,272,962
Total liabilities				**3,561,994**
Other segment information				
Depreciation and amortisation	69	29,606	48	**29,723**
Capital expenditure	16	213,032	44	**213,092**

Period ended 30 September 2013	**Project development activities**	**Power generating activities**	**Reconciling / Elimination activities**	**Consolidated**
Revenue				
External customers	54	150,621	-	150,675
Inter-segment	4,203	-	(4,203)	-
Total revenue	**4,257**	**150,621**	**(4,203)**	**150,675**

Period ended 30 September 2013	Project development activities	Power generating activities	Reconciling / Elimination activities	Consolidated
Segment operating results	3,206	30,311	(486)	33,031
Unallocated operating expenses, net				(2,667)
Finance costs				(174,368)
Finance income				28,757
Loss before tax				**(115,247)**
Tax income				35,651
Loss after tax				**(79,596)**
Segment assets	8,631	3,589,587	(1,624)	3,596,594
Unallocated assets				218,916
Total assets				**3,815,510**
Segment liabilities	3,026	495,356	(1,624)	496,758
Unallocated liabilities				2,835,314
Total liabilities				**3,332,072**
Other segment information				
Depreciation and amortisation	142	18,461	53	**18,656**
Capital expenditure	3	206,372	45	**206,420**

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 $ 9,037 and US $ 106,695 respectively (30 September 2013: US $ 28,757 and US $ 174,368 respectively).

(c) Segment assets do not include deferred tax asset of US $ 50,534 (30 September 2013: US $ 42,858), financial assets and other investments US $ 137,097 (30 September 2013: US $ 133,113), short-term deposits with bank and cash US $ 11,987 (30 September 2013: US $ 7,075), and corporate assets US $ 31,116 (30 September 2013: US $ 35,870).

(d) Segment liabilities do not include deferred tax US $ 35,869 (30 September 2013: US $ 25,523), current tax payable US $ 2,959 (30 September 2013: US $ 1,016), interest-bearing current and non-current borrowings US $ 3,113,101 (30 September 2013: US $ 2,734,043), derivative liabilities US $ 31,231 (30 September 2013: US $ 36,405) and corporate liabilities US $ 89,802 (30 September 2013: US $ 38,327).

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

(f) One customer in the power generating segment contributing revenues of US $ 88,392 (30 September 2013: US $ 60,951) accounted for 50.28% (30 September 2013: 40.47%) of the total segment revenue.

10. Finance costs

Finance costs comprise:

	Consolidated		Company	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
Interest expenses on loans and borrowings [1]	73,738	44,872	615	422

Other finance costs		13,182	9,673	798	1,130
Provision for impairment of financial assets	33		2,370	-	-
Foreign exchange loss, net[2]		18,730	116,649	241	415
Net loss on financial liability at fair value through profit or loss, net		112	-	-	-
Net loss on held-for-trading financial assets					
on re-measurement		-	2	-	-
Unwinding of discounts	900		802	-	-
Total		**106,695**	**174,368**	**1,654**	**1,967**

[1]Borrowing cost capitalised during the period amounting to US $ 117,520 (30 September 2013: US $ 134,276).

[2] Includes loss on account of restatement of foreign currency denominated monetary assets and liabilities amounting to US $ 17,818 (30 September 2013: US $ 110,933).

11. Finance income

The finance income comprises:

	Consolidated	
	30 September 2014	**30 September 2013**
Interest income		
bank deposits	7,120	10,079
loans and receivables	858	2,576
Dividend income	228	70
Net gain on held-for-trading financial assets		
on disposal	3	1
on re-measurement	21	-
Unwinding of discount on security deposits	807	714
Net gain on financial liability at fair value through profit or loss , net	-	15,317
Total	**9,037**	**28,757**

12. Tax income / (expense)

The major components of income tax for the period ended 30 September 2014 and 30 September 2013 are:

	30 September 2014	**30 September 2013**
Current tax	(905)	(1,936)
Deferred tax	13,291	37,587
Tax income reported in the income statement	**12,386**	**35,651**

13. 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

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
Guy D Lafferty*	Director
Keith N Henry	Director
K. V. Krishnamurthy	Director of parent

- Resigned with effect from 05 November 2014

Related party transactions during the period

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 period:

Particulars	Consolidated						Company				
	30 September 2014			30 September 2013			30 September 2014			30 September 2013	
	Joint Venture	Parent/GUP	KMP	Joint Venture	Parent/ GUP	KMP	Subsidiaries	Parent / GUP	KMP	Subsidiaries	KMP
Transactions[1,2]											
Corporate support services fees	53	-	-	54	-	-	-	-	-	-	-
Interest income	372	-	-	1,846	-	-	-	-	-	-	-
Interest expense	-	-	-	10	-	-	-	-	-	-	-
Sale of material	-	-	-	820	-	-	-	-	-	-	-
Capacity charges paid	1,275	-	-	403	-	-	-	-	-	-	-
Inter-corporate deposits and loans given	15,619	-	-	11,967	-	-	36,290	-	-	5,000	-
Inter-corporate deposits and loans refunded	(13,766)	-	-	(10,851)	-	-	-	-	-	-	-
Loan taken	-	-	-	1,176	-	-	38,649	-	-	78	-
Repayment of loan taken	-	-	-	(329)	-	-	-	-	-	-	-
Refund of share application money	-	1,502	-	-	-	-	-	1,502	-	-	-
Managerial remuneration [3]	-	-	424	-	-	280	-	-	246	-	98
	30 September 2014			30 September 2013			30 September 2014			30 September 2013	
Balances [1,2]											
Interest receivable	3,829	-	-	3,695	-	-	-	-	-	-	-
								-	-		
								-	-		

Interest payable	9	-	-	9	-	-	-	-	-	-	-
Loans and inter corporate deposits receivable	32,919	1,005	-	26,070	983		166,068	-	-`	90,835	-
Loans payable	-	-	-	793	-	-	37,524	-	-	78	-
Other receivable	581	-	-	26	-	-	-	-	-	-	-
Other payable	1,581	-	-	378	-	-	-	-	-	-	-
Guarantees given	146	-	-	-	-	-	468,139			188,883	-
Managerial remuneration payable[3]	-	-	109	-	-	73	-	-	87	-	52

[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. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 September 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (30 September 2013: US $ Nil). This assessment is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

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

[3] Remuneration is net of accrual towards Gratuity, a defined benefit plan, which is managed for the Company 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.

14. Commitments and contingencies

Capital commitments

As at 30 September 2014, the Group is committed to purchase property, plant and equipment for US $ 1,658,940(31 March 2014: US $ 1,589,164). In respect of its interest in joint ventures the Group is committed to incur capital expenditure of US $ 1,120 (31 March 2014: US $ 1,153).

Guarantees

- The Company has guaranteed the loans and non-fund based facilities availed by subsidiaries to unrelated parties for US $ 337,258 (31 March 2014: US $ 339,442) and
- The Group guaranteed the performance of the joint ventures under the power delivery agreements to unrelated parties. No liability is expected to arise.

15. Financial Instruments

Carrying amounts versus fair values

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

	Carrying amount	Fair value
	September 2014	**September 2014**
Non- current financial assets		
Trade and other receivables	3,792	3,792
Equity securities - available-for-sale	22,860	22,860
Loans and receivables	66,195	66,195
Derivative assets	49,604	49,604
Non-current bank deposits	10,346	10,346
Total non-current	**152,797**	**152,797**
Current financial assets		
Trade and other receivables	170,672	170,672
Equity securities - held for trading	128	128
Debt securities-held for trading	2,421	2,421
Derivative assets	422	422
Loans and receivables	80,253	80,253
Cash and short-term deposits	194,091	194,091
Total current	**447,987**	**447,987**
Total	**600,784**	**600,784**
Non- current financial liabilities		
Trade and other payables	51,093	51,093
Interest bearing loans and borrowings	2,576,970	2,576,970
Interest rate swaps	1,569	1,569
Option premium payable	24,620	24,620
Total non-current	**2,654,252**	**2,654,252**
Current financial liabilities		
Trade and other payables	310, 997	310,997
Interest bearing loans and borrowings	536,131	536,131
Option premium payable	5,042	5,042
Total current	**852,170**	**852,170**
Total	**3,506,422**	**3,506,422**

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

	Carrying amount	Fair value
	September 2014	**September 2014**

Non-current financial assets		
Loans and receivables	5,525	5,525
Loans and receivables to subsidiaries	166,068	166,068
Total non-current	**171,593**	**171,593**
Current financial assets		
Loans and receivables	29	29
Cash and short-term deposits	1,358	1,358
Total current	**1,387**	**1,387**
Total	**172,980**	**172,980**
Current financial liabilities		
Trade and other payables	1,386	1,386
Interest bearing loans and borrowings	100,912	100,912
Total current	**102,298**	**102,298**

Fair value hierarchy

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

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

• Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 September 2014	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity securities - available-for-sale	1,904	-	20,956	22,860
Equity securities - held for trading	128	-	-	128
Debt securities-held for trading	2,421	-	-	2,421
Derivative assets	-	50,026	-	50,026
Total	**4,453**	**50,026**	**20,956**	**75,435**
Financial liabilities measured at fair value				
Interest rate swaps	-	1,569	-	1,569
Option premium payable	-	29,662	-	29,662
Total	**-**	**31,231**	**-**	**31,231**

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. During the six-month period ended 30 September 2014, there were no movements between Level 1, Level 2 and Level 3 fair value measurements.

Reconciliation of Level 3 fair value measurements of financial assets:

30 September 2014	Available-for-sale Unquoted Equities	Total
Opening balance	21,439	21,439
Total gains or losses:		
- in income statement	-	-
- in other comprehensive income	(483)	(483)

Settlements	-	-
Transfers into level 3	-	-
Closing balance	**20,956**	**20,956**

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

Valuation techniques

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

Level 3 fair values for equity securities-available for sale has been determined by using Comparable Company Analyses. This is a relative valuation technique which involves comparing that company's valuation multiples to those of its peers. The multiples consider for the valuation is P/B for book value which is then adjusted for differences that are directly related to the characteristics of equity instruments being valued such as discounting factor for size and liquidity of 15%.

Level 3 fair value of the unquoted venture capital units has been determined using a discounted cash flow model. The valuation requires management to make certain assumptions about unobservable inputs to the model, of which the significant unobservable inputs are disclosed in the table below.

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

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

16. Subsequent Event:

Issue of warrants by KSK Energy Ventures Limited ('KEVL')

During the month of November 2014, KEVL issued and allotted 80,808,080 Warrants of face value of Rs. 10 (US $ 0.17) to KSK Power Holdings Limited ("KPHL") on preferential basis at a fixed price of Rs. 99 (US $ 1.61) which are convertible into equity shares not later than 18 months from the date of allotment.