

21<sup>st</sup> November 2013



**OPG Power Ventures plc  
("OPG" or the "Company")**

**Unaudited results for the six months ended 30<sup>th</sup> September 2013**

**Accelerating Growth**

**Revenue up 168% to £47.7m - Profit before tax up 204% to £7.64m - Earnings per share up 241%**

OPG Power Ventures PLC, the developer and operator of power generation plants in India, announces its unaudited results for the half year ended 30<sup>th</sup> September 2013.

**Highlights**

**Revenues, profits and earnings per share up significantly**

- Revenue up 168% to £47.7m from £17.8m with underlying rupee revenues up 180%;
- Profit before tax up 204% to £7.64m from £2.51m;
- Earnings per share up 241% to 1.5p from 0.4p;
- Revenues of Rs833m and Rs893m in Sep and Oct 2013 respectively, full year revenue of Rs4.8bn in FY13;
- EBITDA of £13.72m up from £4.65m; EBITDA margin of 29% up from 26%; and
- Cash and equivalents of £16.4m; gearing of 43% versus 37% at 31 March 2013.

**Strong operational performance**

- Chennai I and II achieved average plant load factors ("PLF") of 99% compared with 94% in full year ended 31 March 2013;
- 842m units of power delivered in six months compared with 932m units in full year ended 31 March 2013; and
- 214 MW of capacity being sold to the state utility.

**Projects - Gujarat progressing ahead of schedule**

- 80 MW Chennai III commissioned in June 2013, ahead of time and within budget, operated at over 90% PLF in Oct 13;
- 160 MW Chennai IV progressing on schedule; and
- 300 MW Gujarat now three months ahead of schedule with successful first hydro test completed.

**Commenting on the results, Mr M C Gupta, Chairman said:** "The early commissioning of the Chennai III unit during the period under review has brought about another quantum leap in OPG's operations and a trebling of its profitability, despite exceptionally strong currency headwinds during recent months. With the Gujarat project well under way and ahead of schedule, and with Chennai IV on schedule, the Company's scale of operations is set to be transformed yet again next year. OPG continues to deliver profitable growth."

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No statement in this announcement is intended as a profit forecast or a profit estimate and no statement in this announcement should be interpreted to mean that earnings per OPG share for the current or future financial years would necessarily match or exceed the historical published earnings per OPG share.

## Chief Executive's Review

I am pleased to report a robust first six months of the financial year, with strong performances delivered by our operating assets Chennai I and II, the commissioning of Chennai III and intense activity at both of our remaining project sites that has led to our largest project in Gujarat being ahead of schedule.

Whilst rupee tariffs held constant, significant volatility between the US dollar and Indian rupee meant that rupee costs rose sharply over a short period towards the end of the half year making our purchases of imported coal more costly to us and we expect to see the impact of this in the remainder of the year as the coal we purchased during that period is consumed by the plants. We have also been affected by the translation effect of exceptional depreciation of the rupee against sterling, which has reduced our reported numbers in sterling.

Offsetting these factors, the underlying business has continued to perform strongly. The delivery of organic growth ahead of schedule, the strength of our operating performance during the period and our business model that has continued to secure attractive tariffs, have allowed us, so far, to maintain our expectations for the full year.

### A significant increase in scale and a strong operating performance

Revenue for the period was £47.7m, EBITDA was £13.7m with EBITDA margin robust at 29%. However, it should be noted that the approximate 25% depreciation in the average rupee/sterling exchange rate since the comparable period of the prior year masks an underlying increase in rupee revenues of 180% against the 168% reported in sterling.

Operating performance by unit was as follows:

| Parameter                    | Quarter ended<br>30 Sep 13 | Quarter ended<br>30 Jun 13 | Quarter ended<br>30 Sep 12 | Half year ended<br>30 Sep 13 | Half year ended<br>30 Sep 12 | Full year ended<br>31 Mar 13 |
|------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|------------------------------|------------------------------|
| <b>Generation (Mn units)</b> |                            |                            |                            |                              |                              |                              |
| Chennai I                    | 164                        | 167                        | 171                        | 332                          | 293                          | 617                          |
| Chennai II                   | 172                        | 163                        | -                          | 334                          | -                            | 315                          |
| Chennai III                  | 143                        | 33                         | -                          | 177                          | -                            | -                            |
| <b>Total (Mn units)</b>      | <b>479</b>                 | <b>363</b>                 | <b>171</b>                 | <b>843</b>                   | <b>293</b>                   | <b>932</b>                   |
| <b>PLF (%)</b>               |                            |                            |                            |                              |                              |                              |
| Chennai I                    | 97                         | 99                         | 100                        | 98                           | 87                           | 92                           |
| Chennai II                   | 101                        | 97                         | -                          | 99                           | -                            | 99                           |
| Chennai III                  | 81                         | 69                         | -                          | 78                           | -                            | -                            |
| <b>Average (%)</b>           | <b>93</b>                  | <b>94</b>                  | <b>100</b>                 | <b>93</b>                    | <b>87</b>                    | <b>94</b>                    |
| <b>Tariff (Rs/kWh)</b>       | 5.52                       | 5.65                       | 5.68                       | 5.56                         | 5.67                         | 5.58                         |

### **Our business model is more resilient due to short term tariffs**

The average tariff of Rs5.56/kWh in the period under review was at a similar level to that of FY13 which in turn was 13% higher than FY12.

The group captive model gives us increased flexibility as to our customer base. Our strategy has been to sell most of our power from Chennai I, II and III to TANGEDCO (Tamil Nadu state utility) on short term contracts. As sales to a state utility do not attract transmission and other charges, typically approximating to 10%, the contracted tariff with TANGEDCO continues to be attractive.

The tariffs we achieve continue to be significantly higher than long term contract rates established by other generators recently with counterparties of a similar quality. This strategy to maximise tariffs has proved its worth once again during the period under review – a period during which foreign exchange rates were volatile.

Our current contracts with TANGEDCO at our main plant in Chennai are as follows:

| <b>Unit</b>           | <b>Capacity (MW)</b> | <b>Until</b> | <b>Tariff (Rs/kWh)</b> |
|-----------------------|----------------------|--------------|------------------------|
| <b>Chennai I</b>      | 70                   | May 2014     | 5.50                   |
| <b>Chennai II</b>     | 70                   | May 2014     | 5.50                   |
| <b>Chennai III</b>    | 74                   | May 2014     | 5.50                   |
| <hr/>                 |                      |              |                        |
| <b>Total TANGEDCO</b> | 214                  |              |                        |

TANGEDCO's settlement of outstanding energy bills has continued to improve dramatically during the period with all our electricity invoices up to and including September 2013 now cleared.

### **Coal arrangements continue with additional domestic coal also being received**

We continue to receive domestic coal as committed by Coal India Limited for Chennai I. In addition, domestic coal supplies have commenced for Chennai II. Approximately two thirds of our coal supplies for Chennai I and Chennai II continue to be from overseas and we run Chennai III wholly on imported coal at present. In addition to our normal market purchases, we continue to have arrangements for the supply of imported coal with a major Indonesian mining company until mid-2014.

### **Reduction in unit logistics costs offset by impact of foreign exchange on imported coal**

Savings in transportation related costs on imported coal were offset by rupee depreciation during the period which affected imported coal costs and led to our unit costs being similar to the full year ended 31 March 2013.

The rupee was 63.50 versus the US dollar on 15<sup>th</sup> November, a slight recovery from the low of Rs.67.98 on 29<sup>th</sup> August 2013. Our expectation for the longer term is that any continuing significant currency weakness should provide upward support to power pricing as unit costs of generation would rise across much of the industry.

The impact of sterling/rupee rates is a translational difference only and as such does not have a direct long term impact upon our operations, albeit reported sterling profitability, gearing and net assets are inevitably affected.

**Gearing affected by forex - interest cover at 2.8 times**

If sterling/rupee exchange rates had remained at their 31 March 2013 levels our reported gearing would be 38%. However due to the effect of translation at 30 September 2013, our reported gearing is 43%. This is relevant as our operations are conducted in, and all of our debt facilities are denominated in, rupees. Our operational gearing remains as anticipated by the Board at this stage of our expansion.

The Company spent £30m (year ended 31 March 2013: £95m) on projects during the period and financed its activities through additional draw-downs on existing facilities and utilising some of its cash and investment balances. As anticipated, the Company's investment program has resulted in consolidated net debt increasing to £105m (31 March 2013: £86m). We expect net debt levels to peak at around Rs25bn during 2015, in line with the anticipated progress of our expansion projects. At 2.8 times we believe our interest cover remains healthy given the stage of our expansion.

We continue to be twelve months, or approximately £3 million, ahead of our debt repayment schedule on Chennai I.

**Intense project activity resulting in Gujarat being three months ahead of schedule**

Our total operating capacity is now 270 MW with the 80 MW Chennai III unit commissioned earlier than expected in June 2013. That unit has already been ramped up to achieve plant load factors of approximately 85%.

Across the board this has been a period of intense activity at our sites which are under construction and for which I must commend our delivery team – in addition to delivering Chennai III, both the 160 MW Chennai IV and the 2x150 MW project in Gujarat are progressing well towards commissioning in 2014. At Chennai IV the chimney and power house building are complete and the boiler steam drum has been lifted into position. At Gujarat, hydro testing on one unit has been successfully completed and the project is now three months ahead of schedule.

Both ongoing projects remain within budget.

Our website has been updated to include current pictures from our operations and both project sites.

### **Adopting international standards and building a top class team**

It has always been of great importance to me, and to my colleagues on the board, that we operate within compliance norms in seeking to look after the well-being of our team. It was therefore particularly heartening that our efforts to reach beyond those norms was recognized with our flagship Chennai I unit being awarded ISO 14001 and OHSAS 18001 certification during the period.

T Chandramoulee, our COO, and his team continued to ensure yet again that we had plenty of successes to be able to report at this stage. Achieving success in EPC, plant commissioning and operations including the health and safety of our people gives me the confidence to say that we have truly built our capability to an international standard. Our people are conscious, capable and enthusiastic and the Board expresses its gratitude to the team for their continued commitment.

### **Additional growth**

Whilst our focus remains on delivering our existing projects, the confidence we have in our team has led us to study further opportunities for investment and growth based on our core existing skill sets. We expect to provide further updates on these activities in the coming months.

### **Outlook – we remain focused on delivery and returns**

The macro environment for electricity generation and the sale of power in India has undergone significant change and seen many challenges in the last few years. Over the last two years or so the Indian government has taken creditable steps that illustrate the importance of the power sector to India's economic prosperity. With certain policy and administrative actions being gradually instituted to address investment in India more widely, especially on the heels of currency volatility, the mid to long term direction of the sector continues to appear sound to us. Whilst headline economic growth rates may be historically low in the Indian context over the short term, new power supply is expected to be constrained and electricity demand is likely to continue to outstrip supply in the short and medium term. Against this backdrop, with its focus on profitability and sustainability, OPG is well positioned to operate its portfolio and bring to fruition 460 MW of additional capacity, currently in construction, with expected commissioning dates in 2014. Accordingly the board is confident of the company's prospects as it looks ahead to 2014.

Arvind Gupta

**Chief Executive**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the period ended 30 September 2013**

(All amounts in £, unless otherwise stated)

| Particulars   | Consolidated        |                  |                   |
|---|---------------------|------------------|-------------------|
|   | 30/09/2013          | 30/09/2012       | 31/03/2013        |
| Revenue   | 47,682,629          | 17,754,509       | 56,191,873        |
| Cost of revenue   | (31,136,071)        | (11,414,885)     | (34,623,263)      |
| <b>Gross profit</b>   | <b>16,546,558</b>   | <b>6,339,624</b> | <b>21,568,610</b> |
| Other income  | 306,291             | 1,102,613        | 715,676           |
| Distribution Cost   | (249,169)           | (421,314)        | (651,740)         |
| General and administrative expenses   | (4,276,317)         | (2,927,698)      | (5,366,955)       |
| <b>Operating profit</b>   | <b>12,327,363</b>   | <b>4,093,225</b> | <b>16,265,591</b> |
| Financial costs   | (4,637,272)         | (1,434,079)      | (6,138,999)       |
| Financial income  | 633,970             | 519,866          | 2,084,106         |
| Income from continuing operations (before tax, non operational and/ or exceptional items) | <b>8,324,061</b>    | <b>3,179,012</b> | <b>12,210,698</b> |
| Employee Share Option expenses  | (487,111)           | (487,111)        | (974,222)         |
| Pre-Operative expenses (relating to projects under construction)                          | (192,981)           | (185,886)        | (701,225)         |
| <b>Profit/(loss) before tax</b>   | <b>7,643,969</b>    | <b>2,506,015</b> | <b>10,535,251</b> |
| Tax expense   | (2,108,975)         | (916,402)        | (1,710,839)       |
| <b>Profit/(loss) for the year</b>   | <b>5,534,994</b>    | <b>1,589,613</b> | <b>8,824,412</b>  |
| Profit/(loss) for the year attributable to:   |                     |                  |                   |
| Owners of the parent  | 5,469,254           | 1,562,049        | 8,726,299         |
| Non controlling interests   | 65,741              | 27,564           | 98,113            |
| <b>Earnings per share</b>   |                     |                  |                   |
| Basic earnings per share (in Pence)   | 1.556               | 0.444            | 2.483             |
| Diluted earnings per share (in Pence)   | 1.556               | 0.444            | 2.483             |
| <b>Other Comprehensive Income</b>   |                     |                  |                   |
| Available for Sale Financial Assets   |                     |                  |                   |
| - Reclassification to profit and loss   | 85,013              | 109,483          | 109,483           |
| - Current year losses on re measurement   | (112,538)           | (113,131)        | (85,013)          |
| Currency translation differences on translation of foreign operations                     | (24,832,214)        | (2,523,799)      | 1,165,513         |
| Other comprehensive income  | (24,859,739)        | (2,527,447)      | 1,189,983         |
| Total comprehensive income for the year attributable to:                                  | <b>(19,324,745)</b> | <b>(937,834)</b> | <b>10,014,395</b> |
| Owners of the parent  | (19,229,971)        | (947,110)        | 9,912,964         |
| Non controlling interests   | (94,774)            | 9,276            | 101,431           |
|   | <b>(19,324,745)</b> | <b>(937,834)</b> | <b>10,014,395</b> |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 30 September 2013**

(All amounts in £, unless otherwise stated)

|  | Consolidated        |                    |                    |
|--|---------------------|--------------------|--------------------|
|  | 30/09/2013          | 30/09/2012         | 31/03/2013         |
| <b>ASSETS</b>                                |                     |                    |                    |
| <b>Non Current</b>                           |                     |                    |                    |
| Property, plant and equipment                | 190,630,683         | 116,079,233        | 182,508,796        |
| Investments and other financial assets       | 970,256             | 2,129,931          | 1,160,587          |
| Restricted cash                              | 331,490             | 1,264,182          | 394,782            |
| <b>Total Non Current assets</b>              | <b>191,932,429</b>  | <b>119,473,346</b> | <b>184,064,165</b> |
| <b>Current</b>                               |                     |                    |                    |
| Trade and other receivables                  | 17,739,452          | 14,003,943         | 34,814,660         |
| Inventories                                  | 4,622,691           | 6,023,027          | 6,140,973          |
| Cash and Cash Equivalents                    | 16,434,242          | 22,524,204         | 22,906,776         |
| Restricted Cash                              | 3,226,191           | 1,528,549          | 4,705,601          |
| Current tax assets                           | 92,452              | 116,390            | 104,970            |
| Investments and other financial assets       | 35,772,764          | 59,799,274         | 45,708,623         |
| <b>Total Current assets</b>                  | <b>77,887,792</b>   | <b>103,995,387</b> | <b>114,381,603</b> |
| <b>Total Assets</b>                          | <b>269,820,221</b>  | <b>223,468,733</b> | <b>298,445,768</b> |
| <b>EQUITY AND LIABILITIES</b>                |                     |                    |                    |
| <b>Equity:</b>                               |                     |                    |                    |
| Equity attributable to owners of the parent: |                     |                    |                    |
| Share Capital                                | 51,671              | 51,671             | 51,671             |
| Share Premium                                | 124,316,524         | 124,316,524        | 124,316,524        |
| Other components of Equity                   | (25,338,920)        | (5,278,459)        | (1,126,807)        |
| Retained earnings/ (Accumulated deficit)     | 24,780,392          | 12,139,640         | 19,311,138         |
| <b>Total</b>                                 | <b>123,809,667</b>  | <b>131,229,376</b> | <b>142,552,526</b> |
| Non-Controlling Interest                     | 91,238              | 71,647             | 186,012            |
| <b>Total Equity</b>                          | <b>123,900,905</b>  | <b>131,301,023</b> | <b>142,738,538</b> |
| <b>Liabilities</b>                           |                     |                    |                    |
| <b>Non current</b>                           |                     |                    |                    |
| Borrowings                                   | 119,424,527         | 71,569,747         | 103,898,137        |
| Trade and other payables                     | 3,376,321           | 310,393            | 3,369,758          |
| Deferred tax liability                       | 1,772,559           | 1,664,969          | 990,316            |
| <b>Total Non Current liabilities</b>         | <b>124,573,407</b>  | <b>73,545,109</b>  | <b>108,258,211</b> |
| <b>Current</b>                               |                     |                    |                    |
| Borrowings                                   | 1,768,258           | 12,634,613         | 4,972,199          |
| Trade and other payables                     | 19,245,806          | 5,882,196          | 42,114,288         |
| Other liabilities                            | 93,287              | 105,792            | 278,989            |
| Current Tax Liabilities                      | 238,558             | -                  | 83,543             |
| <b>Total Current liabilities</b>             | <b>21,345,909</b>   | <b>18,622,601</b>  | <b>47,449,019</b>  |
| <b>Total Liabilities</b>                     | <b>145,919,316</b>  | <b>92,167,710</b>  | <b>155,707,230</b> |
| <b>Total Equity and Liabilities</b>          | <b>269,820, 221</b> | <b>223,468,733</b> | <b>298,445,768</b> |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**For the period ended 30 September 2013**

(All amounts in £, unless otherwise stated)

| <b>GROUP</b>   | <b>Issued Capital<br/>(No. of<br/>Shares)</b> | <b>Share<br/>capital</b> | <b>Share<br/>Premium</b> | <b>Other<br/>Reserves</b> | <b>Foreign Currency<br/>Translation reserve</b> | <b>Retained<br/>earnings</b> | <b>Total of<br/>Parent equity</b> | <b>Non-<br/>Controlling<br/>Interest</b> | <b>Total Equity</b> |
|--|---|--------------------------|--------------------------|---------------------------|---|------------------------------|-----------------------------------|--|---------------------|
| <b>Balance at 1 April, 2013</b>  | <b>351,504,795</b>                            | <b>51,671</b>            | <b>124,316,524</b>       | <b>5,977,855</b>          | <b>(7,104,661)</b>                              | <b>19,311,138</b>            | <b>142,552,527</b>                | <b>186,012</b>                           | <b>142,738,539</b>  |
| Employee Share based payment options   |   |                          |                          | 487,111                   |   |                              | 487,111                           |  | 487,111             |
| <b>Transactions with owners</b>  | <b>351,504,795</b>                            | <b>51,671</b>            | <b>124,316,524</b>       | <b>6,464,966</b>          | <b>(7,104,661)</b>                              | <b>19,311,138</b>            | <b>143,039,638</b>                | <b>186,012</b>                           | <b>143,225,650</b>  |
| Profit for the year  |   |                          |                          |                           |   | 5,469,254                    | 5,469,254                         | 65,741                                   | 5,534,995           |
| Currency translation differences   |   |                          |                          |                           | (24,671,747)                                    |                              | (24,671,747)                      | (160,467)                                | (24,832,214)        |
| Gains/(losses) on sale / re-measurement of available-for-sale financial assets |   |                          |                          | (27,477)                  |   |                              | (27,477)                          | (48)                                     | (27,525)            |
| <b>Total comprehensive income for the year</b>                                 | <b>-</b>                                      | <b>-</b>                 | <b>-</b>                 | <b>(27,477)</b>           | <b>(24,671,747)</b>                             | <b>5,469,254</b>             | <b>(19,229,970)</b>               | <b>(94,774)</b>                          | <b>(19,324,744)</b> |
| <b>Balance at 30 September, 2013</b>   | <b>351,504,795</b>                            | <b>51,671</b>            | <b>124,316,524</b>       | <b>6,437,489</b>          | <b>(31,776,408)</b>                             | <b>24,780,392</b>            | <b>123,809,668</b>                | <b>91,238</b>                            | <b>123,900,906</b>  |
| <b>Balance at 1 April, 2012</b>  | <b>351,504,795</b>                            | <b>51,671</b>            | <b>124,316,524</b>       | <b>4,979,571</b>          | <b>(8,235,982)</b>                              | <b>10,577,591</b>            | <b>131,689,375</b>                | <b>62,371</b>                            | <b>131,751,746</b>  |
| Transfers during the year  |   |                          |                          | (391)                     | (30,892)  | 7,248                        | (24,034)                          | 22,210                                   | (1,825)             |
| Employee Share based payment options   |   |                          |                          | 974,222                   |   |                              | 974,222                           |  | 974,222             |
| <b>Transactions with owners</b>  | <b>351,504,795</b>                            | <b>51,671</b>            | <b>124,316,524</b>       | <b>5,953,402</b>          | <b>(8,266,874)</b>                              | <b>10,584,839</b>            | <b>132,639,563</b>                | <b>84,581</b>                            | <b>132,724,143</b>  |
| Profit for the year  |   |                          |                          |                           |   | 8,726,299                    | 8,726,299                         | 98,113                                   | 8,824,412           |
| Currency translation differences   |   |                          |                          |                           | 1,162,212                                       |                              | 1,162,212                         | 3,301                                    | 1,165,513           |
| Gains/(losses) on sale / re-measurement of available-for-sale financial assets |   |                          |                          | 24,453                    |   |                              | 24,453                            | 17                                       | 24,470              |
| <b>Total comprehensive income for the year</b>                                 | <b>-</b>                                      | <b>-</b>                 | <b>-</b>                 | <b>24,453</b>             | <b>1,162,212</b>                                | <b>8,726,299</b>             | <b>9,912,964</b>                  | <b>101,431</b>                           | <b>10,014,395</b>   |
| <b>Balance at 31 March, 2013</b>   | <b>351,504,795</b>                            | <b>51,671</b>            | <b>124,316,524</b>       | <b>5,977,855</b>          | <b>(7,104,661)</b>                              | <b>19,311,138</b>            | <b>142,552,526</b>                | <b>186,012</b>                           | <b>142,738,538</b>  |
| <b>Balance at 1 April, 2012</b>  | <b>351,504,795</b>                            | <b>51,671</b>            | <b>124,316,524</b>       | <b>4,979,570</b>          | <b>(8,235,982)</b>                              | <b>10,577,591</b>            | <b>131,689,375</b>                | <b>62,370</b>                            | <b>131,751,745</b>  |
| Employee Share based payment options   |   |                          |                          | 487,111                   |   |                              | 487,111                           |  | 487,111             |
| <b>Transactions with owners</b>  | <b>351,504,795</b>                            | <b>51,671</b>            | <b>124,316,524</b>       | <b>5,466,681</b>          | <b>(8,235,982)</b>                              | <b>10,577,591</b>            | <b>132,176,486</b>                | <b>62,370</b>                            | <b>132,238,856</b>  |
| Profit for the year  |   |                          |                          |                           |   | 1,562,049                    | 1,562,049                         | 27,564                                   | 1,589,613           |
| Currency translation differences   |   |                          |                          | (2,505,552)               |   |                              | (2,505,552)                       | (18,247)                                 | (2,523,799)         |
| Gains/(losses) on sale / re-measurement of available-for-sale financial assets |   |                          |                          | (3,607)                   |   |                              | (3,607)                           | (41)                                     | (3,648)             |
| <b>Total comprehensive income for the year</b>                                 | <b>-</b>                                      | <b>-</b>                 | <b>-</b>                 | <b>(2,509,159)</b>        | <b>-</b>  | <b>1,562,049</b>             | <b>(947,110)</b>                  | <b>9,276</b>                             | <b>(937,834)</b>    |
| <b>Balance at 30 September, 2012</b>   | <b>351,504,795</b>                            | <b>51,671</b>            | <b>124,316,524</b>       | <b>2,957,523</b>          | <b>(8,235,982)</b>                              | <b>12,139,640</b>            | <b>131,229,376</b>                | <b>71,647</b>                            | <b>131,301,022</b>  |

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2013

(All amounts in £, unless otherwise stated)

| Particulars   | For the period<br>ended 30<br>September<br>2013 | For the period<br>ended 30<br>September<br>2012 | For the year<br>ended 31st<br>March 2013 |
|---|---|---|--|
| <b>Cash flows from operating activities</b>                                       |   |   |  |
| Profit / (Loss) for the year before Tax   | 7,643,969                                       | 2,506,015                                       | 10,535,251                               |
| Unrealised Foreign Exchange Loss  | -   | -   | 84,368                                   |
| Provision for doubtful debts  | -   | -   | 883,329                                  |
| Financial Expenses  | 4,637,272                                       | 1,434,079                                       | 6,138,999                                |
| Financial Income  | (633,970)                                       | (519,866)                                       | (2,084,106)                              |
| Share based compensation costs  | 487,111   | 487,111   | 974,222                                  |
| Depreciation  | 1,394,210                                       | 522,360   | 1,563,213                                |
|   | <b>13,528,591</b>                               | <b>4,429,699</b>                                | <b>18,095,276</b>                        |
| <b>Movements in Working Capital</b>   |   |   |  |
| (Increase) / Decrease in trade and other receivables                              | 11,926,309                                      | 2,955,692                                       | (17,566,722)                             |
| (Increase) / Decrease in inventories  | 432,543   | (595,091)                                       | (549,863)                                |
| (Increase) / Decrease in other current assets                                     | (1,659,376)                                     | (210,209)                                       | 346,585                                  |
| Increase / (Decrease) in trade and other payables                                 | (34,218,330)                                    | (2,627,248)                                     | 41,484,087                               |
| Increase / (Decrease) in Other liabilities  | (9,608,610)                                     | (2,084,212)                                     | 9,264,123                                |
| <b>Cash (used in) / generated from operations</b>                                 | <b>(19,598,873)</b>                             | <b>1,868,631</b>                                | <b>51,073,486</b>                        |
| Income Taxes paid, net of refunds   | (841,964)                                       | (839,034)                                       | (2,242,625)                              |
| <b>Net Cash Generated by / (used in) Operating activities</b>                     | <b>(20,440,837)</b>                             | <b>1,029,597</b>                                | <b>48,830,861</b>                        |
| <b>Cash flow from investing activities</b>  |   |   |  |
| Acquisition of property, plant and equipment                                      | (30,318,183)                                    | (21,859,769)                                    | (94,798,022)                             |
| Finance Income  | 605,804   | 402,189   | 1,894,936                                |
| Dividend income   | 20,253  | 117,677   | 180,790                                  |
| Movement in restricted cash   | 672,798   | 1,655,407                                       | (481,508)                                |
| Sale / (Purchase) of Investments, net   | 16,478,628                                      | (9,245,555)                                     | (2,062,996)                              |
| <b>Net cash (used) / generated by investing activities</b>                        | <b>(12,540,700)</b>                             | <b>(28,930,051)</b>                             | <b>(95,266,800)</b>                      |
| <b>Cash flows from financing activities</b>                                       |   |   |  |
| Proceeds from issue of Ordinary Shares  | -   | -   | -  |
| Proceeds from borrowings  | 40,457,872                                      | 14,743,697                                      | 40,110,171                               |
| Repayment of borrowings   | (4,449,598)                                     | -   | (3,828,420)                              |
| Interest Paid   | (4,637,272)                                     | (1,434,079)                                     | (5,031,418)                              |
| <b>Net cash provided by financing activities</b>                                  | <b>31,371,002</b>                               | <b>13,309,618</b>                               | <b>31,250,333</b>                        |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                     | <b>(1,610,537)</b>                              | <b>(14,590,836)</b>                             | <b>(15,185,606)</b>                      |
| Cash and cash equivalents at the beginning of the year / period                   | 22,906,776                                      | 37,876,393                                      | 37,876,393                               |
| Effect of Exchange rate changes on the balance of cash held in foreign currencies | (4,861,999)                                     | (761,355)                                       | 215,989                                  |
| <b>Cash and cash equivalents at the end of the year / period</b>                  | <b>16,434,242</b>                               | <b>22,524,204</b>                               | <b>22,906,776</b>                        |

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the period ended 30 September 2013**

(All amounts in £, unless otherwise stated)

### **1. Corporate information**

#### **1.1. Nature of operations**

OPG Power Ventures plc ('the Company' or 'OPGPV') and its subsidiaries (collectively referred to as 'the Group') are primarily engaged in the development, owning, operation and maintenance of private sector power projects in India. The electricity generated from the Group's plants is sold principally to public sector undertakings and heavy industrial companies in India or in the short term market. The business objective of the Group is to focus on the power generation business within India and thereby provide reliable, cost effective power to the industrial consumers and other users under the 'open access' provisions mandated by the Government of India.

#### **1.2. Statement of Compliance**

The consolidated financial statements have been prepared in accordance with International Financial reporting Standards ('IFRS') and its interpretations as adopted by the European Union ('EU') and the provisions of the Isle of Man, Companies Act 2006 applicable to companies reporting under IFRS.

#### **1.3. General information**

OPG Power Ventures 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 the principal place of business, is IOMA House, Hope Street, Douglas, Isle of Man IM1 1JA. The Company's equity shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

The financial statements were approved by the Board of Directors on 18 November 2013.

### **2. Summary of significant accounting policies**

#### **2.1 Basis of preparation**

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

The financial statements have been prepared on a going concern basis which assumes the Group will have sufficient funds to continue its operational existence for the foreseeable future covering at least 12 months. As the Group has forecast it will be able to meet its debt facility interest and repayment obligations, and that sufficient funds will be available to continue with the projects development, the assumption that these financial statements are prepared on a going concern basis is appropriate.

The consolidated financial statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007) and have been presented in Great Britain Pound (£), which is the functional and presentation currency of the Company.

#### **2.2 Basis of consolidation**

The consolidated financial statements incorporate the financial information of OPG Power Ventures Plc and its subsidiaries for the six months ended 30 September 2013.

A subsidiary is defined as an entity controlled by the Company. Control is achieved where the Company 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. All subsidiaries have a reporting date of 30 September and use consistent accounting policies adopted by the group.

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 interest represents the portion of profit or loss and net assets that is not held by the Group and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity. Acquisitions of additional stake or dilution of stake from/ to minority interests/ other venturer in the Group where there is no loss of control are accounted for using the equity method, whereby, the difference between the consideration paid or received and the book value of the share of the net assets is recognised in 'other reserve' within statement of changes in equity.

### 2.3 List of subsidiaries

Details of the Group's subsidiary which are consolidated into the Group's consolidated financial statement, are as follows:

| Subsidiaries   | Immediate parent | Country of incorporation | % Voting Interest | % Economic Interest |
|--|------------------|--------------------------|-------------------|---------------------|
|  |                  |                          | 2013              | 2013                |
| Caromia Holdings limited ('CHL')                         | OPGPV            | Cyprus                   | 100               | 100                 |
| Gita Power and Infrastructure Private Limited, ('GPIPL') | CHL              | India                    | 100               | 100                 |
| OPG Power Generation Private Limited ('OPGGP')           | GPIPL            | India                    | 71.76             | 99                  |
| OPG S Power Gujarat Private Limited ('OPGG')             | GPIPL            | India                    | 100               | 100                 |

### 2.4 Foreign currency translation

The functional currency of the Company is the Great Britain Pound (£). The Cypriot entities are an extension of the parent and pass through investment entities. Accordingly the functional currency of the subsidiaries in Cyprus is the Great Britain Pound Sterling. The functional currency of the Company's subsidiaries operating in India, determined based on evaluation of the individual and collective economic factors is Indian Rupee ('INR'). The presentation currency of the Group is the Great Britain Pound (£) as submitted to the AIM market where the shares of the Company are listed.

At the reporting date the assets and liabilities of the Group are translated into the presentation currency which is Great Britain Pound (£) at the rate of exchange ruling at the Statement of financial position date and the statement of comprehensive income is translated at the average exchange rate for the year. Exchange differences are charged/ credited to other comprehensive income and recognized in the currency translation reserve in equity.

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

| Particulars  | 30 September 2013 | 30 September 2012 | 31 March 2013 |
|--------------|-------------------|-------------------|---------------|
| Closing rate | 101.17            | 84.86             | 82.56         |
| Average rate | 90.89             | 86.24             | 85.83         |

### 2.5 Revenue recognition

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

### *Sale of electricity*

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

### *Interest and dividend*

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

## **2.6 Taxes**

Current tax provision in these statements represents amounts of tax payable based on applicable taxation Law in the Group's country of operations. Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Deferred income tax is determined based on timing differences as at reporting date between the amounts of assets and liabilities carried in these financial reports and their tax bases

## **2.7 Financial assets**

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include mutual funds, listed securities and equity instruments. Available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

## **2.8 Use of Estimates**

The preparation of financial statements necessarily involves the making of assumptions and estimations by the Management which impact on amounts of assets and liabilities as well as on contingent assets/liabilities

reported in these statements. Similar estimations and assumptions by the Management are involved in the compilation of revenues and expenses for the period.

Management formulates its estimates and assumptions based on past experience and current developments as well as other factors to reach what it considers to be reasonable judgment in the total circumstances. Actual results may differ from the estimates depending on the assumptions used and conditions prevailed prevailing at the relevant point in time.

## 2.9 Segment Reporting:

The Group has adopted the “management approach” in identifying the operating segments as outlined in IFRS 8. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment has been identified as the steering committee that makes strategic decisions. Management has analysed the information that the chief operating decision maker reviews and concluded on the segment disclosure. In identifying its operating segments, management generally follows the Group’s service lines, which represent the generation of the power and other related services provided by the Group. The activities undertaken by the Power generation segment includes sale of power and other related services. The accounting policies used by the Group for segment reporting are the same as those used for Consolidated financial statements.

For management purposes, the Group is organised into only a single business unit of power generation and distribution of the same to customers. There are no geographical segments as all revenues arise from India.

## 3. Other income

|                              | Consolidated   |                  |                |
|------------------------------|----------------|------------------|----------------|
|                              | Sep 2013       | Sep 2012         | Mar 2013       |
| Interest on Receivables..... |                | 495,585          |                |
| Miscellaneous income/expense | 306,291        | 607,028          | 715,676        |
| <b>Total</b>                 | <b>306,291</b> | <b>1,102,613</b> | <b>715,676</b> |

## 4. Trade and other receivables

|  | Sep 2013<br>GBP Mn | Sep 2012<br>GBP Mn | Mar 2013<br>GBP Mn |
|--|--------------------|--------------------|--------------------|
| Receivables from sale of power (OPGPG) | 16.31              | 11.53              | 33.95              |
| Other receivables                      | 1.42               | 2.47               | 0.86               |
| <b>Total</b>                           | <b>17.73</b>       | <b>14.00</b>       | <b>34.81</b>       |

### Ageing of Receivables from sale of power

|   | Sep 2013     | Sep 2012     | Mar 2013     |
|---|--------------|--------------|--------------|
| Sep 2013 (accrued but not due)              | 8.20         |              |              |
| Aug 2013                                    | 8.11         |              |              |
| 5 months outstanding – May 2012 to Sep 2012 |              | 11.53        |              |
| 5 months outstanding – Nov 2012 to Mar 2013 |              |              | 34.81        |
| <b>Receivables from sales of power</b>      | <b>16.31</b> | <b>11.53</b> | <b>34.81</b> |
| Since collected – Aug 2013 in Oct 2013      | 8.11         |              |              |
| Since collected – Sep 2013 in Nov 2013      | 8.20         |              |              |

N.B.: Effective June 2013 the supplies to TNEB are at the rate of 214 MW(monthly equivalent) as against 140 MW monthly until May 2013.

## 5. Cash and cash equivalents

Cash and short term deposits comprise the following:

|                           | Consolidated      |                   |                   |
|---------------------------|-------------------|-------------------|-------------------|
|                           | Sep 2013          | Sep 2012          | Mar 2013          |
| Cash at banks and on hand | 12,459,721        | 17,470,921        | 17,760,840        |
| Short-term deposits       | 3,974,521         | 5,053,283         | 5,145,936         |
| <b>Total</b>              | <b>16,434,242</b> | <b>22,524,204</b> | <b>22,906,776</b> |

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

## 6. Property, Plant and equipment, net – consolidation for the period ended 30 September 2013

### A. Gross Block

| Particulars                    | Land and Buildings | Power Stations | Other plant and equipment | Vehicles | Assets under construction * | Total        |
|--------------------------------|--------------------|----------------|---------------------------|----------|-----------------------------|--------------|
| <b>As at 1 April 2012</b>      | 8,080,397          | 36,053,588     | 284,480                   | 292,570  | 49,954,827                  | 94,665,863   |
| - Additions                    | 1,901,331          | 151,352        | 142,283                   | 381,043  | 88,199,257                  | 90,775,266   |
| - Transfers on capitalisation  | -                  | 44,043,316     | -                         | -        | (44,043,316)                | -            |
| - Exchange Adjustments         | 19,737             | 108,840        | 30,131                    | (30,827) | 203,362                     | 331,243      |
| <b>As at 31 March 2013</b>     | 10,001,465         | 80,357,096     | 456,895                   | 642,786  | 94,314,130                  | 185,772,372  |
| <b>As at 1 April 2013</b>      | 10,001,465         | 80,357,096     | 456,895                   | 642,786  | 94,314,130                  | 185,772,372  |
| - Additions                    | 2,224,164          | 41,031,593     | 34,521                    | 26,023   | 40,651,391                  | 83,967,695   |
| - Transfers on capitalisation  | -                  | -              | -                         | -        | (41,005,239)                | (41,005,239) |
| - Exchange Adjustments         | (1,831,993)        | (14,814,917)   | (99,823)                  | (93,939) | (17,347,572)                | (34,188,245) |
| <b>As at 30 September 2013</b> | 10,393,636         | 106,756,047    | 391,593                   | 392,599  | 76,612,709                  | 194,546,583  |

### B. Accumulated Depreciation

| Particulars                    | Land and Buildings | Power Stations | Other plant and equipment | Vehicles | Assets under construction | Total     |
|--------------------------------|--------------------|----------------|---------------------------|----------|---------------------------|-----------|
| <b>As at 1 April 2012</b>      | 6,607              | 1,454,913      | 66,794                    | 106,527  | -                         | 1,634,841 |
| - Charge for the year          | 29,176             | 137,618        | 81,790                    | 76,939   | -                         | 156,405   |
| - Exchange Adjustments         | 1,120              | 65,444         | (4,089)                   | 2,175    | -                         | 64,650    |
| <b>As at 31 March 2013</b>     | 36,903             | 2,896,537      | 144,495                   | 185,641  | -                         | 3,263,576 |
| <b>As at 1 April 2013</b>      | 36,903             | 2,896,537      | 144,495                   | 185,641  | -                         | 3,263,576 |
| - Charge for the period        | 13,943             | 1,295,299      | 47,928                    | 37,108   | -                         | 1,394,278 |
| - Exchange Adjustments         | (8,205)            | (664,385)      | (31,447)                  | (37,916) | -                         | (741,952) |
| <b>As at 30 September 2013</b> | 42,642             | 3,527,453      | 160,975                   | 184,830  | -                         | 3,915,900 |

### C. Net Block

| Particulars       | Land and Buildings | Power Stations | Other plant and equipment | Vehicles | Assets under construction | Total       |
|-------------------|--------------------|----------------|---------------------------|----------|---------------------------|-------------|
| As at 31 Mar 2013 | 9,964,562          | 77,460,559     | 312,400                   | 457,145  | 94,314,130                | 182,508,796 |
| As at 30 Sep 2013 | 10,350,994         | 103,228,593    | 230,618                   | 207,769  | 76,612,709                | 190,630,683 |

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