21st May 2014

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

**Preliminary results for the year ended 31st March 2014**

**Solid performance**

OPG Power Ventures PLC, the developer and operator of power generation plants in India, announces results for the year ended 31st March 2014.

**Highlights**

*Financial*

- Revenues of £98.8m up 76% from £56.2m
- Pre-tax profits of £17.95m up 70% from £10.54m
- EBITDA of £30.97m up from £17.74m and EBITDA margin of 31%
- EPS of 4.1 pence up from 2.4 pence, up 71%
- Cash & cash equivalents of £22.8m (including available-for-sale investments of £16.2m) and gearing of 52%

*Operational*

- 80MW Chennai III commissioned in June 2013, ahead of schedule and within budget
- 160MW Chennai IV expanded to 180MW
- £128m invested during the year in projects with Chennai IV and Gujarat on track
- Operational performance well ahead of industry norms

| | 2014 | | 2014 | |
|---|---|---|---|---|
| | INR million | % Change Compared to 2013 | £ million | % Change Compared to 2013 |
| Revenues | 9,474.50 | 96% | 98.81 | 76% |
| EBITDA | 3,098.71 | 104% | 30.97 | 75% |
| PBT | 1,850.22 | 105% | 17.95 | 70% |

**Commenting on the results, Mr M C Gupta, Chairman stated**: "This year has witnessed another step change in scale and profitability for the Group with a solid performance delivered by all operating units. Notwithstanding somewhat slower headline economic growth in India last year, we expect trading conditions in the electricity sector to continue to gradually improve. Having efficient and scaled up operating capacity on hand should be an advantage in serving this market into the long term and we look forward to further step changes in the Group's activities shortly, with two major projects approaching delivery. The Board expects to declare a maiden dividend following the successful and sustainable profitable operation of this new capacity."

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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 delighted to be able to report to you at the end of a year in which we have achieved another step change in the scale of the business. Rupee revenues grew from Rs4.8bn to Rs9.5bn versus a year earlier and pre-tax profits rose from Rs0.9bn to Rs1.8bn over the same period. When translated into sterling some of that growth appears lost due to last year's sharp currency slide but £17.95m of pre-tax earnings represents a creditable 70% growth upon the previous year.

**Operational performance ahead of expectations and above Indian peer group**

Our strong results this year were the consequence of our generation assets operating at a high level of utilisation. At an average of 96% our plant utilisation compares to a national average for thermal plants of 80 – 85 % (even when the oldest inefficient plants are removed from the comparison). We believe that our Chennai site is now one of India's top five power generation stations measured by utilisation levels for which I congratulate both our development and operations teams. For the year ahead, in spite of a full maintenance shutdown to be taken in June 2014 we expect utilisation of these operating assets to continue to be strong versus the national average.

**No stoppages due to coal shortages**

We continue to receive domestic coal supplies in line with our expectations, supplies for Chennai II having commenced during the year under review. In order to supplement our needs we have continued to adopt a strategy of purchasing imported coal on contract with a major Indonesian miner in addition to spot market purchasing. This strategy serves us well particularly as international coal markets remain relatively subdued and consensus forecasts imply stability in months to come and at this time we see no need to alter this strategy. I am also pleased to report we recorded yet another year with no stoppages in power generation on account of coal shortage.

**Flexibility is key in weathering short and long term foreign exchange impacts**

This year we saw some unusually sharp volatility in exchange rates between the rupee and USD. Having started the year in April at Rs 54.50, the currency weakened dramatically to around Rs 68, albeit for just a few days and has progressively strengthened to approximately Rs 59 since then. Our early delivery of Chennai III, strong operating performance and margins enabled us to weather the effects of this period. Supportively, the Reserve Bank of India has outlined the country's readiness to deal with tapering in overseas money supply and consensus expectations suggest the rupee is largely likely to stay close to its current levels in the year ahead.

In the light of such currency volatility, we were additionally pleased to secure a 15 year contract with Tamil Nadu state for 74MW, which is more or less the extent of the output from any one of the operating units from our operating Chennai units at an attractive tariff with significant foreign exchange protection built in. As this contract is based on imported coal, this long term variable tariff (LTVT) arrangement provides us with a degree of hedging on the aforementioned quantity of supply. In portfolio terms we, therefore, have a long term partial hedge in place for part of our operating capacity which should improve the visibility and volatility of cash flows. Having flexibility at the core of our revenue model enabled us to secure this opportunity.

**Projects on track, potential expansion of Chennai IV**

I am pleased to report that together with our suppliers at Chennai IV we have identified the potential to increase the scale of this development by 20MW without altering the project delivery timeline. We are anticipating the final paperwork and clearances for this expansion to be in place within just a few weeks.

We now have 480MW of projects that we are endeavouring to deliver during the current financial year and despite the challenges of establishing projects in India we remain on track to achieve this goal.

Given the progress that the Company has made the Board expects to declare a maiden dividend following the successful and sustainable profitable operation of the new 480 MW of capacity.

During the year we spent £128 million on advancing our capital projects, more than any previous period, and we have around £51 million earmarked to complete the projects with some of the remaining milestones including hydraulic testing of Chennai IV, the completion of transmission lines external to the Gujarat plant and the assembly of the turbine generator at both projects.

Once completed, these developments will yield us a portfolio comprising several operating units across two key strategic locations – 450MW in the South and 300MW in the West.

**Additional Growth**

Our focus remains on delivering our existing projects, as referenced in our interim results, announced on 21 November 2013, we continue to study further opportunities for investment and growth based on the core existing skill set within our team. Any study of India's current and future energy needs illustrates the substantial need for power generation from a variety of sources and whilst we focus on India as our geographic market, we believe that a sensible long term strategy is for us to carve out an important role within the country's energy mix.

**Straightforward capital structure provides additional flexibility and savings**

We expect our LTVT to facilitate us in remaining ahead on our scheduled debt repayments and to have buffer borrowing capacity in case we desire it. With relatively high interest costs in India, our current levels of prepayments on group borrowing facilities yields around £700,000 of pre-tax annual savings.

All of our debt is currently in rupees and we are still expecting debt levels to maximise at around Rs 25 billion towards the end of FY15, representing a manageable gearing level.

**We are maturing and recognise the need to implement continuous improvement**

As we continue to mature we've introduced new and improved safety and environmental practices into our operating culture. We now have a compulsory incident reporting standard and collect and monitor Total Reported Injury data. We also record "near miss" incidents. On our environmental monitoring too we have made advances such as providing regulatory authorities with real time feed of our monitoring data. These and other operating initiatives were recognised this year with the achievement of OHSAS accreditation for occupational health and safety and ISO for total quality implementation at our flagship Chennai I unit. Furthermore, we saw several project improvement initiatives developed that we believe have saved us significant man-hours during project execution including the recent implementation of SAP enterprise resource planning across many of our business processes.

I personally want to see a continuous improvement culture take full hold of every aspect of our business so we can constantly give our shareholders developments to be proud of.

**We remain confident of the Company's long term prospects**

As India now prepares to welcome the initiatives of a new government, the widespread vibe is for economic growth to trend upwards. The power sector is likely to have to play a crucial part of growth oriented government policies as power in India is much needed for the growth to occur. With our new projects being delivered to service this requirement we remain confident of the Company's long term growth and prospects. In the shorter term, we anticipate supportive tariff structures and other policy initiatives to develop over the coming months but for average tariffs in Tamil Nadu in particular to remain broadly unchanged in the meantime.

The Board and I are extremely grateful to our team as a result of which I once again have had much news to share with you in this review – they've delivered a solid performance in all key areas.

**Arvind Gupta**
Chief Executive Officer
20th May 2014

**Financial Review**

The following is a commentary on Group's financial performance in the year.

**Income Statement (£m)**

| Year ended 31st March | 2014 | % of Revenue | 2013 | % of Revenue |
|---|---|---|---|---|
| Revenue | 98.81 | | 56.19 | |
| Cost of Revenue *(Excluding Depreciation)* | (59.52) | | (33.25) | |
| ***Gross Profit*** | ***39.29*** | ***39.8*** | ***22.94*** | ***40.8%*** |
| Other income | 0.26 | | 0.72 | |
| *Distribution , General & Administrative expenses (Excluding Depreciation, Employee Stock Option Charge, Expenditure during the period on expansion project,)* | (8.58) | | (5.92) | |
| ***EBITDA*** | ***30.97*** | ***31.3%*** | ***17.74*** | ***31.6%*** |
| Depreciation | (2.90) | | (1.56) | |
| Net finance costs *(Excluding charge on de consolidated investments)* | (8.53) | | (2.95) | |
| **Income from continuing operations (before tax non-operational and / or exceptional items)** | ***19.54*** | ***19.8%*** | ***13.23*** | ***23.5%*** |
| Expenditure during the period on expansion projects | (0.34) | | (0.61) | |
| Employee Stock Option Charge | (0.97) | | (0.97) | |
| Charge on de consolidated Investments | (0.27) | | (1.11) | |
| ***Profit before Tax*** | ***17.95*** | ***18.2*** | ***10.54*** | ***18.7*** |
| Taxation | 3.39 | | 1.71 | |
| ***Profit after tax*** | ***14.56*** | | ***8.83*** | |

**Revenue**

OPG revenue has increased by £42.61m, reflecting a 76% growth year on year, on account of a full year contribution from the 77 MW Chennai I & Chennai II plants and nearly 10 months contribution from the 80 MW Chennai III plant. Underlying rupee revenues increased by 96%.

Production and output levels from the Group's operating power plants compared to the prior year were as follows:

| Particulars | FY14 | FY13 | FY14 | FY13 |
|---|---|---|---|---|
| | Generation (million units) | | PLF (%) | |
| Chennai I | 646 | 617 | 96 | 92 |
| Chennai II | 668 | 315* | 99 | 99 |
| Chennai III | 526# | NA | 92 | NA |
| ***Total*** | ***1840*** | ***932*** | | |

* Commissioned on 10th October 2012

# Commissioned on 5th June 2013

**Gross Profit**

Gross profit (GP), excluding depreciation in 2014 was £39.29m (£22.94m in 2013). The impetus to GP growth came mainly from the benefit of the full year operation of the Chennai II 77 MW plant (PY 173 days) & 300 days operation of the Chennai III 80 MW plant.

Cost of revenue was 60.2% of revenue in FY14 higher from 59.2% in FY13. Over 90% of the costs of revenue are fuel costs i.e. coal. The average factory gate costs for Indian coal increased by 4% and for Indonesian coal by 3%. The table below shows the price and blend of Indian and Indonesian coal consumed in FY14 (for Chennai I and Chennai II) and FY 13 for Chennai I (Chennai II burnt only imported coal).

The Coal Blend in FY 14 is on account of the following factors:

a) Deliveries of Indian Coal commencing only from October 2013 for Chennai II; and
b) Deliveries of Indian Coal for Chennai III (10 months working in FY 14) having commenced only in May 2014.

| **Financial Year** | **Average factory gate price** (Rs/mt) | | **Blend** % Indian:Indonesian | **Weighted average cost** (Rs/mt) |
|---|---|---|---|---|
| | **Indian coal** | **Indonesian coal** | | |
| **FY 14** | 2,931 | 3,930 | 17:83 | 3,760 |
| **FY13** | 2,817 | 3,807 | 37:63 | 3,441 |
| **Change %** | 4% | 3% | | 9% |

**EBITDA**

Earnings Before Interest, Taxation, Depreciation & Amortisation (EBITDA) is a measure of a business cash generation from operations before depreciation, interest and exceptional and non-standard or non-operational items (such as the annual charge for stock options which is a non-cash item or expenses relating to projects under construction).

EBITDA was £30.9m in FY14 up from £17.7m in FY13 and EBITDA margin was maintained at the level of 31.3% as in 2013.

**Profit before Tax (£m)**

| | **OPG PG** | **Non Operating Entities *** | **Total** |
|---|---|---|---|
| Profit Before Tax (PBT) 2013-2014 | 21.79 | (3.84) | 17.95 |
| Profit Before Tax (PBT) 2012-2013 | 11.52 | (0.98) | 10.54 |
| *Increase/(Decrease) in PBT* | *10.27* | *(2.86)* | *7.41* |
| Reconciliation | | | |
| Increase in GP | | | 16.34 |
| Reduction in charge on de consolidated investments | | | 0.83 |
| Increase in Net finance cost | | | (5.58) |
| Increase Distribution , General & Administrative expenses | | | (2.38) |
| Reduction in other income | | | (0.45) |
| Increase in Depreciation | | | (1.35) |
| **Increase/(Decrease) in PBT** | | | 7.41 |

*Includes:
a) OPG S Power Gujarat Pvt Ltd, India, b) Gita Power & Infrastructure Pvt Ltd, India
c) Caromia Holdings Ltd, Cyprus d) OPG Power Ventures Plc, Isle of Man

**Taxation**
The Group consolidated PBT was at £17.95m after charging £0.27m towards adjustment in the carrying value of the legacy plants and £0.97m towards amortisation of Employee stock options (both being non-cash charges at the level of holding company).

**Expenditure on Projects**
This relates to expenses incidental to projects under construction. These expenses in 2014 were £0.34m in (FY13 £0.61m).

**Employee Stock Option charge**
This pertains to the amortization of the value of stock options granted to certain Directors and is non cash in nature.

**Profits after Tax**
Profits After tax have increased by £5.74m from £8.83m in 2013 to £14.56m in 2014.

**Property, Plant and Equipment**
Property, Plant and Equipment (including intangible assets) has increased by £97.58m, 53.4% year on year growth, mainly reflecting the capitalization of the 80 MW Chennai III plant and the increase in Capital work in progress on account of the power plants under construction in Chennai and Gujarat.

**Other Non-Current Assets**
Other Non-current assets have decreased by £0.64m,40.8% year on year primarily as a result of decrease in the fair value of the investments made in the de consolidated assets.

**Trade Receivables (£m)**

| | FY 13 | FY 12 |
|---|---|---|
| Receivables from sales of power | 20.59 | 32.24 |
| Other receivables | 0.41 | 2.57 |
| ***Total*** | ***21.00*** | ***34.81*** |

**Current Assets**
Current Assets have decreased by £2.09m to £112.29m year on year primarily as a result of the following:

- Reduction in the cash & cash equivalents by £16.27m primarily due to the increase in investments made in the Gujarat and additional Chennai power plants
- Reduction in trade receivables by £13.80m. which offset
- Increase in Investments & Other Assets by £18.42m on account of advances to suppliers for the projects in Chennai & Gujarat.
- Increase in Inventory holding by £6.75m due to three plants being in operation and
- Increase in other assets by £2.8m

**Borrowings**
As on efficient means of developing the cash generation from operations, the long term project loans are being partially prepaid year on year. And had they have not been so prepaid, the cash and cash equivalents balance would have been as follows:

| Year | Cash & Cash Equivalents (£ Mn) | Term Loans prepaid (£ Mn) | Cash & Cash Equivalents (without prepayment) (£ Mn) | Exchange Rate (INR/£) |
|---|---|---|---|---|
| FY 2010-11 | 70.21 | 0.83 | 71.04 | 72.60 |
| FY 2011-12 | 37.87 | 2.91 | 40.78 | 82.90 |
| FY 2012-13 | 22.91 | 4.47 | 27.38 | 82.56 |
| FY 2013-14 | 7.64 | 3.32 | 10.96 | 99.42 |

Due to the above prepayments, the saving in the finance cost is as follows:

| Year | Finance Cost saved (£ Mn) | Exchange Rate (INR/£) |
|---|---|---|
| FY 2010-11 | 0.03 | 70.96 |
| FY 2011-12 | 0.17 | 76.69 |
| FY 2012-13 | 0.43 | 85.83 |
| FY 2013-14 | 0.77 | 95.89 |

**Current Liabilities**

Current liabilities have reduced by £3.85m primarily on account of the reduction in the coal related payables.

**Other Non-Current Liabilities**

Other Non-Current liabilities have increased by £ 104m primarily on account of increase in bank borrowing to meet the capital project expenses.

**Gearing**

Net borrowings (Borrowings net of Cash and cash equivalents and available for sale investments) are £163.78m on account of capital expenditure on projects. Gearing ratio was 52%. The table below shows the investment in the projects under development and the total amount spent in both equity and debt up to 31 March 2014.

| **Project Investment (£m)** | **160 MW Chennai IV** | **300 MW Gujarat** |
|---|---|---|
| **As at 1st April 2013** | 18.1 | 95.0 |
| **During the year** | 38.1 | 49.5 |
| **As at 31st March 2014** | 56.2 | 144.5 |

**Cash Flows**

Operating cash flow increased from £18.10m in 2013 to £30.85m in 2014, an increase of £12.75m, or 70%. The increase is primarily due to the increased profit before tax.

| Movements (£m) | FY14 | FY13 |
|---|---|---|
| ***Operating Cash*** | ***30.22*** | ***18.10*** |
| Tax Paid | (2.82) | (2.24) |
| Change in Working capital assets and liabilities | (2.25) | 32.97 |
| ***Net cash generated by operating activities*** | ***25.15*** | ***48.83*** |
| Purchase of Property, Plant and Equipment (net of disposals) | (128.64) | (94.80) |
| Other Investments | (10.64) | (0.47) |
| ***Net cash used in Investing activities*** | ***(139.28)*** | ***(95.27)*** |
| Net Interest paid | (9.52) | (5.03) |
| **Total Cash change before Net borrowings** | **(123.65)** | **(51.47)** |

**Consolidated Financials in Indian Rupees**

Consolidated Statement of Comprehensive Income
For the year ended 31st March 2014

(Amount in INR Million)

| Particulars | 31 March 2014 | 31 March 2013 | % of Change |
|---|---|---|---|
| Revenue | 9,474.50 | 4,823.12 | 96% |
| Cost of revenue | (5,830.98) | (2,975.17) | 96% |
| **Gross profit** | 3,643.52 | 1,847.95 | 97% |
| Other income | 25.00 | 61.43 | (59%) |
| Distribution cost | (115.29) | (55.94) | 106% |
| General and administrative expenses | (858.53) | (604.47) | 42% |
| **Operating profit** | 2,694.70 | 1,248.97 | 116% |
| Financial costs | (938.95) | (526.93) | 78% |
| Financial income | 94.47 | 178.89 | (47%) |
| **Profit before tax** | 1,850.22 | 900.92 | 105% |
| Tax expense | (324.60) | (146.85) | 121% |
| **Profit for the year** | **1,525.62** | **754.08** | 102% |

Consolidated Statement of Financial Position
As at 31st March 2014

(Amount in INR Million)

| Particulars | 31 March 2014 | 31 March 2013 |
|---|---|---|
| **Assets** | | |
| **Non-Current** | | |
| Property, plant and equipment | 27,846.63 | 15,068.18 |
| Investments and other assets | 72.51 | 95.82 |
| Restricted cash | 18.97 | 32.59 |
| **Total Non-Current assets** | **27,938.12** | **15,196.60** |
| | | |
| **Current** | | |
| Trade and other receivables | 2,088.62 | 2,874.35 |
| Inventories | 1,282.42 | 507.01 |
| Cash and cash equivalents | 659.80 | 1,891.22 |
| Restricted cash | 741.27 | 388.50 |
| Current tax assets | 15.42 | 8.67 |
| Investments and other assets | 6,376.24 | 3,773.77 |
| **Total Current assets** | **11,163.76** | **9,443.51** |
| | | |
| **Total Assets** | **39,101.88** | **24,640.10** |
| | | |
| **Equity and Liabilities** | | |
| **Equity:** | | |
| Equity attributable to owners of the parent: | | |
| Share capital | 4.26 | 4.26 |
| Share premium | 9,842.29 | 9,842.29 |
| ESOP Reserves | 602.86 | 420.21 |
| Negative Goodwill | 81.49 | 67.67 |
| Retained Earnings | 2,892.84 | 1,291.67 |
| Other components of Equity | 137.46 | 143.24 |
| **Total** | **13,561.20** | **11,769.34** |
| Non-controlling interest | 22.44 | 15.36 |
| **Total Equity** | **13,583.64** | **11,784.69** |
| | | |
| **Liabilities** | | |
| **Non-current** | | |
| Borrowings | 18,549.30 | 8,577.98 |
| Trade and other payables | 2,485.21 | 278.21 |
| Deferred tax liability | 150.11 | 81.76 |
| **Total Non-Current liabilities** | **21,184.61** | **8,937.95** |
| | | |
| **Current** | | |
| Borrowings | 814.38 | 410.51 |
| Trade and other payables | 3,491.91 | 3,476.94 |
| Other liabilities | 27.63 | 23.11 |
| Current tax liabilities | - | 6.90 |
| **Total Current liabilities** | 4,333.93 | 3,917.46 |
| **Total Liabilities** | **25,518.54** | **12,855.41** |
| | | |
| **Total Equity and Liabilities** | **39,102.18** | **24,640.10** |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 March**

(All amounts in £, unless otherwise stated)

| Particulars | Note | 31 March 2014 | 31 March 2013 |
|---|---|---|---|
| Revenue | | 98,805,940 | 56,191,873 |
| Cost of revenue | 6 | (62,155,041) | (34,623,263) |
| **Gross profit** | | 36,650,899 | 21,568,610 |
| Other income | 7 | 260,738 | 715,676 |
| Distribution cost | | (1,202,301) | (651,740) |
| General and administrative expenses | 6 | (8,953,321) | (7,042,402) |
| **Operating profit** | | 26,756,015 | 14,590,144 |
| Financial costs | 8 | (9,791,910) | (6,138,999) |
| Financial income | 9 | 985,156 | 2,084,106 |
| **Profit before tax** | | 17,949,261 | 10,535,251 |
| Tax expense | 10 | (3,385,087) | (1,710,839) |
| **Profit for the year** | | 14,564,174 | 8,824,412 |
| Attributable to: | | | |
| - Owners of the parent | | 14,545,956 | 8,726,299 |
| - Non-controlling interest | | 18,218 | 98,113 |
| | | 14,564,174 | 8,824,412 |
| **Earnings per share** | 21 | | |
| Basic earnings per share (in Pence) | | 4.138 | 2.483 |
| Diluted earnings per share (in Pence) | | 4.117 | 2.483 |
| **Other Comprehensive Income** | | | |
| **Items that will be reclassified subsequently to profit or loss** | | | |
| Available-for- Sale financial Assets | | | |
| - reclassification to profit or loss | | (22,394) | 109,483 |
| - current year gains / (losses) | | 32,633 | (85,013) |
| Currency translation differences on translation of foreign operations | | (21,677,794) | 1,162,212 |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Currency translation differences on translation of foreign operations | | (20,056) | 3,301 |
| Other comprehensive income/(loss) | | (21,687,611) | 1,189,983 |
| Total comprehensive income/(loss) for the year | | (7,123,437) | 10,014,395 |
| Attributable to: | | | |
| - Owners of the parent | | (7,121,568) | 9,912,964 |
| - Non-controlling interest | | (1,869) | 101,431 |
| | | (7,123,437) | 10,014,395 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 31 March**

(All amounts in £, unless otherwise stated)

| Particulars | Notes | 31 March 2014 | 31 March 2013 |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current** | | | |
| Intangible assets | 11 | 474,660 | - |
| Property, plant and equipment | 12 | 279,621,282 | 182,508,796 |
| Investments and other assets | 13 | 729,361 | 1,160,587 |
| Restricted cash | 16 | 190,860 | 394,782 |
| **Total Non-Current assets** | | **281,016,163** | **184,064,165** |
| | | | |
| **Current** | | | |
| Trade and other receivables | 14 | 21,008,401 | 34,814,660 |
| Inventories | 15 | 12,899,204 | 6,140,973 |
| Cash and cash equivalents | 16 | 6,636,577 | 22,906,776 |
| Restricted cash | 16 | 7,456,090 | 4,705,601 |
| Current tax assets | | 155,061 | 104,970 |
| Investments and other assets | 13 | 64,135,542 | 45,708,623 |
| **Total Current assets** | | **112,290,875** | **114,381,603** |
| **Total Assets** | | **393,307,038** | **298,445,768** |
| | | | |
| **Equity and Liabilities** | | | |
| **Equity:** | | | |
| Equity attributable to owners of the parent: | | | |
| Share capital | | 51,671 | 51,671 |
| Share premium | | 124,316,524 | 124,316,524 |
| Other components of Equity | | (21,821,894) | (1,126,807) |
| Retained earnings | | 33,856,249 | 19,311,138 |
| **Total** | | 136,402,550 | 142,552,526 |
| | | | |
| Non-controlling interest | | 225,717 | 186,012 |
| **Total Equity** | | **136,628,267** | **142,738,538** |
| | | | |
| **Liabilities** | | | |
| **Non-current** | | | |
| Borrowings | 19 | 186,578,491 | 103,898,137 |
| Trade and other payables | 20 | 24,997,526 | 3,369,758 |
| Deferred tax liability | 10 | 1,509,853 | 990,316 |
| **Total Non-Current liabilities** | | 213,085,870 | 108,258,211 |
| | | | |
| **Current** | | | |
| Borrowings | 19 | 8,191,455 | 4,972,199 |
| Trade and other payables | 20 | 35,174,303 | 42,114,288 |
| Other liabilities | | 227,143 | 278,989 |
| Current tax liabilities | | - | 83,543 |
| **Total Current liabilities** | | 43,592,901 | 47,449,019 |
| **Total Liabilities** | | **256,678,771** | **155,707,230** |
| **Total Equity and Liabilities** | | **393,307,038** | **298,445,768** |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(All amounts in £, unless otherwise stated)

| GROUP | Issued Capital (No. of Shares) | Share capital | Share Premium | Other Reserves | Foreign Currency Translation reserve | Retained earnings | Total of Parent equity | Non-Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 April, 2013** | **351,504,795** | **51,671** | **124,316,524** | **5,977,855** | **(7,104,661)** | **19,311,138** | **142,552,526** | **186,012** | **142,738,538** |
| Transfers during the year | | | | 46 | (1,834) | (845) | (2,633) | 41,574 | 38,941 |
| Employee Share based payment options | | | | 974,222 | | | 974,222 | | 974,222 |
| **Transactions with owners** | 351,504,795 | 51,671 | 124,316,524 | 6,952,123 | (7,106,495) | 19,310,293 | 143,524,115 | 227,586 | 143,751,701 |
| Profit for the year from Operating Activities | | | | | | 14,545,956 | 14,545,956 | 18,218 | 14,564,174 |
| Currency translation differences | | | | | (21,677,794) | | (21,677,794) | (20,056) | (21,697,850) |
| Gains on sale / re-measurement of available-for-sale financial assets | | | | 10,272 | | | 10,272 | (31) | 10,239 |
| **Total comprehensive income for the year** | - | - | - | 10,272 | (21,677,794) | 14,545,956 | (7,121,565) | (1,869) | (7,123,435) |
| **Balance at 31 March, 2014** | **351,504,795** | **51,671** | **124,316,524** | **6,962,395** | **(28,784,289)** | **33,856,249** | **136,402,550** | **225,717** | **136,628,266** |
| | | | | | | | | | |
| **Balance at 1 April, 2012** | **351,504,795** | **51,671** | **124,316,524** | **4,979,571** | **(8,235,982)** | **10,577,591** | **131,689,375** | **62,371** | **131,751,746** |
| Transfers during the year (Refer note 23) | | | | (391) | (30,892) | 7,248 | (24,034) | 22,210 | (1,825) |
| Employee Share based payment options | | | | 974,222 | | | 974,222 | | 974,222 |
| **Transactions with owners** | 351,504,795 | 51,671 | 124,316,524 | 5,953,402 | (8,266,874) | 10,584,839 | 132,639,563 | 84,581 | 132,724,143 |
| Profit for the year from Operating Activities | | | | | | 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 on sale / re-measurement of available-for-sale financial assets | | | | 24,453 | | | 24,453 | 17 | 24,470 |
| **Total comprehensive income for the year** | - | - | - | 24,453 | 1,162,212 | 8,726,299 | 9,912,964 | 101,431 | 10,014,395 |
| **Balance at 31 March, 2013** | **351,504,795** | **51,671** | **124,316,524** | **5,977,855** | **(7,104,661)** | **19,311,138** | **142,552,526** | **186,012** | **142,738,538** |

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**For the year ended 31 March**
(All amount in £, unless otherwise stated)

| Particulars | 31 March 2014 | 31 March 2013 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the year before Tax | 17,949,261 | 10,535,251 |
| Unrealised Foreign Exchange Loss | (384,906) | 84,368 |
| Provision for doubtful debts | (28,421) | 883,329 |
| Financial Expenses | 9,791,910 | 6,138,999 |
| Financial Income | (985,156) | (2,084,106) |
| Share based compensation costs | 974,222 | 974,222 |
| Depreciation | 2,898,985 | 1,563,213 |
| | **30,215,895** | **18,095,276** |
| **Movements in Working Capital** | | |
| Increase in trade and other receivables | 8,092,104 | (17,566,722) |
| Increase in inventories | (8,086,436) | (549,863) |
| Decrease in other current assets | (7,430,911) | 346,585 |
| Increase in trade and other payables | 9,226,055 | 41,484,087 |
| Increase in Other liabilities | (4,048,037) | 9,264,123 |
| **Cash generated from operations** | **27,968,670** | **51,073,486** |
| Income Taxes paid | (2,820,669) | (2,242,625) |
| **Net Cash Generated by Operating activities** | **25,148,001** | **48,830,861** |
| | | |
| **Cash flow from investing activities** | | |
| Acquisition of property, plant and equipment | (128,641,831) | (94,798,022) |
| Finance Income | 945,830 | 1,894,936 |
| Dividend income | 30,980 | 180,790 |
| Movement in restricted cash | (3,536,878) | (481,508) |
| Sale / (Purchase) of Investments, net | (8,077,737) | (2,062,996) |
| **Net cash used in investing activities** | **(139,279,636)** | **(95,266,800)** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 114,548,210 | 40,110,171 |
| Repayment of borrowings | (6,349,335) | (3,828,420) |
| Interest paid | (9,517,729) | (5,031,418) |
| **Net cash provided by financing activities** | **98,681,146** | **31,250,333** |
| | | |
| **Net decrease in cash and cash equivalents** | **(15,450,489)** | **(15,185,606)** |
| | | |
| Cash and cash equivalents at the beginning of the year | 22,906,776 | 37,876,393 |
| Effect of Exchange rate changes on the balance of cash held in foreign currencies | (819,710) | 215,989 |
| **Cash and cash equivalents at the end of the year** | **6,636,577** | **22,906,776** |

**NOTES TO THE CONSOLIDATED AND FINANCIAL STATEMENTS**
**For the year ended 31 March 2014**
(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 of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and their 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 1M1 1JA. The Company's equity shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

The Consolidated Financial statements for the year ended 31 March 2014 were approved and authorised for issue by the Board of Directors on 20 May 2014.

### 2.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2013

**IFRS 10 'Consolidated Financial Statements' (IFRS 10)**

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provide extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

**IFRS 11 'Joint Arrangements' (IFRS 11)**

IFRS 11 supersedes IAS 31 'Interests in Joint Ventures' (IAS 31) and SIC 13 'Jointly Controlled Entities- Non-Monetary-Contributions by Venturers'. IFRS 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, IAS 31's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. IFRS 11 now requires the use of the equity method for arrangements classified as joint ventures.

Management has reviewed its control assessments in accordance with IFRS 11 and has concluded that there is no effect on the classification of any of the Group's investees held during the period or comparative periods covered by these financial statements.

**IFRS 12 'Disclosure of Interests in Other Entities' (IFRS 12)**

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

Management has reviewed the impact of IFRS 12 and has concluded that there is no effect on any of the Group's investees held during the period or comparative periods covered by these financial statements.

**IFRS 13 'Fair Value Measurement' (IFRS 13)**
IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Group has however included as comparative information the IFRS 13 disclosures that were required previously by IFRS 7 'Financial Instruments: Disclosures'. The Group has applied IFRS 13 for the first time in the current year, see note 26.

**2.2 Standards, amendments and Interpretations to existing standards that are not effective and have not been early adopted by the group.**
At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Standards and Interpretations adopted by the European Union as at 31 March 2014

| Standard or Interpretation | Effective for in reporting periods starting on or after |
|---|---|
| Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| IFRS 9 Financial Instruments | 1 January 2015 |

Management is yet to assess the impact of IFRS 9 on the group's consolidated financial statements. However management does not expect to implement IFRS 9 until all of its chapters have been published and it can comprehensively assess the impact of all changes.

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

**3 Summary of significant accounting policies**
**3.1 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 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 and have been presented in Great Britain Pound ('£'), which is the functional and presentation currency of the Company.

**3.2 Basis of consolidation**
The consolidated financial statements incorporate the financial information of OPG Power Ventures Plc and its subsidiaries for the year ended 31 March 2014

A subsidiary is defined as an entity controlled by the Company. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through

its power over the subsidiary. 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 31st March 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 non-controlling interests/ other venturer in the Group where there is no loss of control are accounted for as an equity transaction, 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.

**3.3 List of subsidiaries**

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

| Subsidiaries | Immediate parent 2014 | Country of incorporation | % Voting Right | | % Economic Interest | |
|---|---|---|---|---|---|---|
| | | | 2014 | 2013 | 2014 | 2013 |
| Caromia Holdings limited ('CHL') | OPGPV | Cyprus | 100 | 100 | 100 | 100 |
| Gita Power and Infrastructure Private Limited, ('GPIPL') | CHL | India | 100 | 100 | 100 | 100 |
| OPG Power Generation Private Limited ('OPGPG') | GPIPL | India | 82.66 | 71.76 | 99 | 99 |
| OPGS Power Gujarat Private Limited ('OPGG')* | GPIPL | India | 51 | 100 | 99 | 100 |
| OPGS Industrial Infrastructure Developers Private Ltd ('OPIID') | OPGG | India | 100 | - | 100 | - |
| OPGS Infrastructure Private Limited ('OPGIPL') | OPGG | India | 100 | - | 100 | - |

* It has been decided during the year to increase the Class A (Captive consumer) shares in OPGG to 49% (from 30% earlier proposed) for operational flexibility. This change has no impact on the group's economic interest in OPGG.

**3.4 Foreign currency translation**

The functional currency of the Company is the Great Britain Pound Sterling (£). The Cyprus entity is an extension of the parent and pass through investment entity. Accordingly the functional currency of the subsidiary 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 Rupees ('₹'). The presentation currency of the Group is the Great Britain Pound (£) as submitted to the AIM counter of the London Stock Exchange 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 Sterling (£) 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.

Indian Rupee (INR) exchange rates used to translate the INR financial information into the presentation currency of Great Britain Pound (£) are the closing rate as at 31st March 2014: 99.42 (2013: 82.56) and the average rate for the year ended 31st March 2014: 95.89 (2013: 85.83).

**3.5 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.

**3.6 Operating expenses**

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation in that regard.

**3.7 Taxes**

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.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, taxation authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. Deferred tax assets and liabilities are offset only when the Group has a right and the intention to set off current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

**3.8 Financial assets**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of any financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is de-recognised when it is extinguished, discharged, cancelled or expires.

Financial assets are classified into the following categories upon initial recognition:

- loans and receivables
- 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 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 recognized 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.

**3.9 Financial liabilities**
The Group's financial liabilities include borrowings and trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'.

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

**3.11 Property, plant and equipment**
Property, plant and equipment are stated at cost, net of accumulated depreciation and/or impairment losses, if any. The cost includes expenditures that are directly attributable to property plant & equipment such as employee cost, borrowing costs for long-term construction projects etc, if recognition criteria are met. Likewise, when a major inspection is performed, its costs are recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred.

Land is not depreciated. Depreciation on other assets is computed on straight-line basis over the useful life of the asset based on management's estimate as follows:

| Nature of asset | Useful life (years) |
|---|---|
| Buildings | 40 |
| Power stations | 40 |
| Other plant and equipment | 3-10 |
| Vehicles | 5-11 |

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

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

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

**3.12 Intangible assets**

*Acquired software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

*Subsequent measurement*

All intangible assets, including software are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. The useful life of software is estimated as 4 years.

**3.13 Leases**

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

*Group as a lessee*

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

Operating lease payments are recognised as an expense in the profit or loss on a straight line basis over the lease term. Lease of land is classified separately and is amortised over the period of the lease.

**3.14 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. Interest income earned on the temporary investment of specific borrowing pending its expenditure on qualifying assets is deducted from the costs of these assets.

Gains and losses on extinguishment of liability, including those arising from substantial modification from terms of loans are not treated as borrowing costs and are charged to profit or loss.

All other borrowing costs including transaction costs are recognized in the profit or loss in the period in which they are incurred, the amount being determined using the effective interest rate method.

**3.15 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate

cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

**3.16 Cash and cash equivalents**

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

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and short-term deposits. Restricted cash represents deposits which is subject to a fixed charge and held as security for specific borrowings and are not included in cash and cash equivalents.

**3.17 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted based on weighted average price.Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

**3.18 Earnings per share**

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

**3.19 Other provisions and contingent liabilities**

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognised on the acquisition date when there is a present obligation that arises from past events and the fair value can be measured reliably, even if the outflow of economic resources is not probable. They are subsequently measured at the higher amount of a comparable provision as described above and the amount recognised on the acquisition date, less any amortisation.

**3.20 Share based payments**
The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to 'Other Reserves'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

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

Liabilities with regard to the gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Statement of financial position date using the projected unit credit method.

The Group recognises the net obligation of a defined benefit plan in its statement of financial position as an asset or liability, respectively in accordance with IAS 19, Employee benefits. The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss in the statement of comprehensive income in the period in which they arise.

*Employees Benefit Trust*
Effective during the previous year, the Group has established an Employees Benefit Trust (hereinafter 'the EBT') for investments in the Company's shares for employee benefit schemes. IOMA Fiduciary in the Isle of Man have been appointed as Trustees of the EBT with full discretion invested in the Trustee, independent of the company, in the matter of share purchases. As at present, no investments have been made by the Trustee nor any funds advanced by the Company to the EBT. The Company is yet to formulate any employee benefit schemes or to make awards thereunder.

**3.22 Business combinations**
Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established using pooling of interest method. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any excess consideration paid is directly recognised in equity.

**4. Significant accounting judgements, estimates and assumptions**
The preparation of financial statements in conformity with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of

contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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

The Group has determined that a number of its accounting policies can be considered significant, in terms of the management judgment that has been required to determine the various assumptions underpinning their application in the consolidated financial statements presented which, under different conditions, could lead to material differences in these statements. The actual results may differ from the judgments, estimates and assumptions made by the management and will seldom equal the estimated results.

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effect on the financial statements.

- *Deferred tax assets:*
  The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in India in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. (refer note 10)
- *Application of lease accounting*
  Significant judgment is required to apply lease accounting rules under IFRIC 4 Determining whether an arrangement contains a Lease and IAS 17 Leases. In assessing the applicability to arrangements entered into by the Group, management has exercised judgment to evaluate customer's right to use the underlying assets, substance of the transaction including legally enforced arrangements and other significant terms and conditions of the arrangement to conclude whether the arrangements meet the criteria under IFRIC 4.

**Estimates and uncertainties:**

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

- *Recoverability of deferred tax assets*: The recognition of deferred tax assets requires assessment of future taxable profit. (see note 3.7).
- *Estimation of fair value of financial assets and financial liabilities*: While preparing the financial statements the Group makes estimates and assumptions that affect the reported amount of financial assets and financial liabilities.
  - *Available for sale financial assets:* Management apply valuation techniques to determine the fair value of available for sale financial assets where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the asset. Where such data is not observable, management uses its best estimate. Estimated fair values of the asset may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date
  - *Other financial liabilities:* Borrowings held by the Group are measured at amortised cost. Further, liabilities associated with financial guarantee contracts in the Company financial statements are initially measured at fair value and re-measured at each Statement of financial position date. (see note 3.9 and note 26); and
  - *Impairment tests*: In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and use an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate;
- *Useful life of depreciable assets:* Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

**5. Segment information**

The Group has adopted the "management approach" in identifying the operating segments as outlined in IFRS 8 - Operating segments. Segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators at operating segment level. Accordingly, there is only a single operating segment "generation and sale of electricity". The accounting policies used by the Group for segment reporting are the same as those used for consolidated financial statements. There are no geographical segments as all revenues arise from India.

Revenue on account of sale of power to one party amounts to £ 94,016,799 (2013: £ 49,577,179)

**6. Depreciation, costs of inventories and employee benefit expenses included in the consolidated statements of comprehensive income**

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

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| **Included in cost of revenue:** | | |
| Cost of fuel consumed | 56,096,388 | 31,829,212 |
| Depreciation | 2,635,100 | 1,376,180 |
| Other direct costs | 3,423,554 | 1,417,871 |
| **Total** | **62,155,041** | **34,623,263** |

Depreciation included in general and administrative expenses amount to £263,885 (2013: £187,905)

b) Employee benefit expenses forming part of general and administrative expenses are as follows:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Salaries and wages | 2,126,803 | 1,704,807 |
| Employee benefit costs | 682,864 | 203,172 |
| Employee Stock Option | 974,222 | 974,222 |
| **Total** | **3,783,889** | **2,882,201** |

c) Auditor's remuneration for audit services amounting to £ 40,000 (2013: £ 35,000) is included in general and administrative expenses.

d) Foreign exchange (loss)/ Gain included in the general and administrative expenses is as follows:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Foreign Exchange (Loss)…… | (2,834,007) | (960,459) |
| **Total** | **(2,834,007)** | **(960,459)** |

**7. Other income**

Other income comprises of:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Sale of fly ash and coal | 140,429 | 242,162 |
| Others | 120,309 | 473,514 |
| **Total** | **260,738** | **715,676** |

**8. Finance costs**

Finance costs comprises of:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Interest expenses on loans and borrowings … | 8,155,215 | 4,742,403 |
| Impairment of Available-for-sale financial assets(also refer note 13) | 274,181 | 1,107,581 |
| Other finance costs | 1,362,514 | 289,015 |
| **Total** | **9,791,910** | **6,138,999** |


| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Interest expenses on loans and borrowings … | 8,155,215 | 4,742,403 |
| Impairment of Available-for-sale financial assets(also refer note 13) | 274,181 | 1,107,581 |
| Other finance costs | 1,362,514 | 289,015 |
| **Total** | **9,791,910** | **6,138,999** |


Interest expenses on loans and borrowings, consists of interest expenses on financial liability at amortised cost of £8,155,215 (2013: £4,742,403).

**9. Finance income**

The finance income comprises of:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Interest income | | |
| - Bank deposits | 652,088 | 1,637,028 |
| - Loans and receivables | 5,513 | 14,043 |
| Dividend income | 30,980 | 180,790 |
| Profit on disposal of financial instruments | 296,575 | 252,245 |
| **Total** | **985,156** | **2,084,106** |

Finance income includes interest income earned by OPGPV on the investment of its funds.

**10. Tax expense**

*Tax reconciliation*

Reconciliation between tax expense and the product of accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2014 and 2013 is as follows:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Accounting profit before taxes | 17,949,261 | 10,535,251 |
| Enacted tax rates | 32.45% | 32.45% |
| Tax on profit at enacted tax rate | 5,824,535 | 3,418,689 |
| Differences on account MAT Rate | (2,745,459) | (1,570,510) |
| Items taxed at Zero Rate | (780,037) | (828,328) |
| Others | 1,086,047 | 690,988 |
| **Actual tax expense** | **3,385,087** | **1,710,839** |

*Consolidated statement of comprehensive income*

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Current tax | 2,676,307 | 2,025,698 |
| Deferred tax | 708,780 | (314,859) |
| **Tax expense reported in the statement of comprehensive income** | **3,385,087** | **1,710,839** |

The Company is subject to Isle of Man corporate tax at the standard rate of zero percent. As such, the Company's tax liability is zero. Additionally, Isle of Man does not levy tax on capital gains. However, considering that the group's operations are entirely based in India, the effective tax rate of the Group has been computed based on the current tax rates prevailing in India. Further, a substantial portion of the profits of the Group's India operations are exempt from Indian income taxes being profits attributable to generation of power in India. Under the tax holiday the taxpayer can

utilize an exemption from income taxes for a period of any ten consecutive years out of a total of fifteen consecutive years from the date of commencement of the operations.

The Group is subject to the provisions of Minimum Alternate Tax ('MAT') under the Indian Income taxes for the year ended 31 March 2014 and 2013. Accordingly, the Group calculated the tax liability for current taxes in India after considering MAT.

The Group has carried forward credit in respect of MAT tax liability paid to the extent it is probable that future taxable profit will be available against which such tax credit can be utilized.

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

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| *Deferred income tax assets* | | |
| ¤ Lease transactions and others | 56,728 | 59,906 |
| ¤ Provisions | 699,442 | 775,936 |
| | **756,170** | **835,842** |
| *Deferred income tax liabilities* | | |
| ¤ Property, plant and equipment | 2,251,032 | 1,813,272 |
| ¤ Mark to Market on Available- for-sale financial assets | 14,991 | 12,886 |
| | 2,266,023 | 1,826,158 |
| **Deferred income tax liabilities, net** | **1,509,853** | **990,316** |

Movement in temporary differences during the year

| Particulars | As at 1 April 2013 | Recognised in Income Statement | Recognised in Other comprehensive income | Translation adjustment | As at 31 March 2014 |
|---|---|---|---|---|---|
| Property, plant and equipment and others | (1,813,272) | (774,708) | - | 336,948 | (2,251,032) |
| Lease transactions | 59,906 | 7,237 | - | (10,415) | 56,728 |
| Provisions | 775,936 | 58,691 | - | (135,185) | 508,138 |
| Mark to market gain / (loss) on available for sale financial assets | (12,886) | - | (2,105) | - | (14,991) |
| | **(990,316)** | **(708,780)** | **(2,105)** | **191,348** | **(1,509,853)** |

| Particulars | As at 1 April 2012 | Recognised in Income Statement | Recognised in Other comprehensive income | Translation adjustment | As at 31 March 2013 |
|---|---|---|---|---|---|
| Property, plant and equipment and others | (1,353,007) | (437,889) | - | (22,376) | (1,813,272) |
| Lease transactions | 48,961 | 8,084 | - | 2,861 | 59,906 |
| Provisions | - | 744,664 | - | 26,701 | 612,103 |
| Mark to market gain / (loss) on available for sale financial assets | (1,183) | - | (11,703) | - | (12,886) |
| | **(1,300,658)** | **322,044** | **(11,703)** | **7,186** | **(990,316)** |

In assessing the reliability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

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

As at 31 March 2014 and 31 March 2013, there was no recognised deferred tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

**11. Intangible assets**

**A. Gross Block** *Amount in £*

| Particulars | Acquired software licenses | Total |
|---|---|---|
| **As at 1 April 2013** | - | - |
| - Additions | 548,893 | 548,893 |
| - Exchange adjustments | (19,478) | (19,478) |
| As at 31 March 2014 | 529,415 | 529,415 |

**B. Accumulated Depreciation**

| Particulars | Acquired software licenses | Total |
|---|---|---|
| **As at 1 April 2013** | - | - |
| - Depreciation charged during the year | 56,769 | 56,769 |
| - Exchange adjustments | (2,014) | (2,014) |
| As at 31 March 2014 | 54,756 | 54,756 |

**C.Net Block**

| | | |
|---|---|---|
| As at 31st March 2014 | 474,660 | 474,660 |
| As at 31st March 2013 | - | - |

**12. Property, plant and equipment**

The property, plant and equipment comprises of:

**A. Gross Block** *Amount in £*

| Particulars | Land and Buildings | Power Stations | Other plant and equipment | Vehicles | Assets under construction | Total |
|---|---|---|---|---|---|---|
| **As at 1 April 2013** | 10,001,465 | 80,357,096 | 456,895 | 642,786 | 94,314,130 | 185,772,372 |
| - Additions | 3,411,870 | | 198,690 | 99,527 | 131,905,058 | 135,615,145 |
| - Transfers on capitalisation | 564,112 | 43,988,116 | - | - | (44,552,228) | - |
| - Exchange adjustments | (1,836,696) | (15,234,307) | (67,520) | (81,614) | (19,093,953) | (36,314,090) |
| As at 31 March 2014 | 12,140,751 | 109,110,905 | 588,065 | 660,699 | 162,573,007 | 285,073,427 |
| **As at 1 April 2012** | 8,080,397 | 36,053,588 | 284,481 | 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 capitalization | - | 44,043,316 | - | - | (44,043,316) | - |
| - Exchange adjustments | 19,737 | 108,840 | 30,131 | (30,827) | 203,362 | 331,243 |
| As at 31 March 2013 | 10,001,465 | 80,357,096 | 456,895 | 642,786 | 94,314,130 | 185,772,372 |

**B. Accumulated Depreciation**

| Particulars | Land and Buildings | Power Stations | Other plant and equipment | Vehicles | Assets under construction | Total |
|---|---|---|---|---|---|---|
| **As at 1 April 2013** | 36,903 | 2,896,537 | 144,495 | 185,641 | - | 3,263,576 |
| - Depreciation charged during the year | 26,336 | 2,635,100 | 114,198 | 66,582 | - | 2,842,216 |
| - Exchange adjustments | (7,289) | (582,616) | (30,151) | (33,592) | - | (653,648) |
| As at 31 March 2014 | 55,950 | 4,949,021 | 228,542 | 218,631 | - | 5,506,900 |
| **As at 1 April 2012** | 6,607 | 1,454,913 | 66,794 | 106,527 | - | 1,634,841 |
| - Depreciation charged during the year | 29,176 | 1,376,180 | 81,790 | 76,939 | - | 1,564,085 |
| - Exchange adjustments | 1,120 | 65,444 | (4,089) | 2,175 | - | 64,650 |
| As at 31 March 2013 | 36,903 | 2,896,537 | 144,495 | 185,641 | - | 3,263,576 |
| **C.Net Block** | | | | | | |
| As at 31st March 2014 | 12,084,801 | 104,161,884 | 359,523 | 442,068 | 162,573,007 | 279,621,283 |
| As at 31st March 2013 | 9,964,562 | 77,460,559 | 312,400 | 457,145 | 94,314,130 | 182,508,796 |

The net book value of land and buildings block comprises of:

| | **31 March 2014** | **31 March 2013** |
|---|---|---|
| Freehold land | 11,848,425 | 9,634,419 |
| Buildings | 236,376 | 330,143 |
| **Total** | **12,084,801** | **9,964,562** |

Property, plant and equipment with a carrying amount of £ 278,819,692(2013: £ 181,739,251) is subject to security restrictions (refer note 19).

An amount of £ 8,169,522 (previous year £ 4,753,396) pertaining to interest on borrowings made specifically for the qualifying assets was capitalised as the funds were deployed for the construction of qualifying assets.

**13. Investments and other assets**

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| **A. Current** | | |
| Available for sale financial assets | 16,157,890 | 5,280,737 |
| Capital advances | 38,781,285 | 37,994,007 |
| Loans and receivables | | |
| - Advance to suppliers | 7,599,466 | 1,153,627 |
| - Others | 1,596,901 | 1,280,252 |
| **Total** | **64,135,542** | **45,708,623** |
| **B. Non-current** | | |
| Available for sale financial assets | | 274,181 |
| Prepayments | 622,876 | 787,771 |
| Loans and receivables | | |
| - Lease deposits | 79,594 | 86,153 |
| - Other advances | 26,891 | 12,482 |
| **Total** | **729,361** | **1,160,587** |

*Available-for-sale investment*

*Quoted short-term mutual fund units*
Available-for-sale investments comprises of the groups investments in mutual fund units. The fair value of the mutual fund instruments are determined by reference to published data. These mutual fund investments are redeemable on demand.

*Investments in companies*
The investments in OPG E and OPG RE, (fair value of retained non-controlling Investments) have been fair valued and the share of the group has been determined and disclosed as available for sale classified as non-current. There is no change in the valuation technique to those adopted in the previous year. The fair value of OPGE and OPG RE is determined using discounted cash flow approach. Significant inputs into the model are based on management's assumption of the expected cash flows up to 31 March 2024 and a discount rate of 17%.

The carrying amount of investments, its fair value and the resultant impact on the statement of comprehensive income is as follows:

| Particulars | OPGE | OPGRE | Total |
|---|---|---|---|
| Investment value – Available for Sale as on 31.03.2013 | 274,181 | - | 274,181 |
| Fair value of available for sale as on 31.03.2014 | - | - | - |
| Current year charge on re-measurement through statement of comprehensive income | 274,181 | - | 274,181 |

| Particulars | OPGE | OPGRE | Total |
|---|---|---|---|
| Investment value – Available for Sale as on 31.03.2012 | 1,381,762 | - | 1,381,762 |
| Fair value of available for sale as on 31.03.2013 | 274,181 | - | 274,181 |
| Charge on re-measurement through statement of comprehensive income | 1,107,581 | - | 1,107,581 |

*Loans and receivables (Current)*
Advances to Suppliers include the amounts paid as advance for supply of fuel. Capital advances comprise of payments made to contractors for construction of assets and advances paid for purchase of capital equipment. The management expects to realise these in the next one year.

**14. Trade and other receivables**

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| **Current** | | |
| Trade receivables | 20,594,850 | 33,953,528 |
| Unbilled revenues | 57,451 | 56,642 |
| Other receivables | 356,100 | 804,490 |
| **Total** | **21,008,401** | **34,814,660** |

Trade receivables are generally due within 14 days terms and are therefore short term and the carrying values are considered a reasonable approximation of fair value. The entire sum of £ 21,008,401 (2013: £34,814,660) has been pledged as security for borrowings (refer note 18). As at 31 March 2014, trade receivables of £527,883 (2013 £978,893) were collectively impaired and provided for. Trade receivables that are neither past due nor impaired represents billings for the month of March.

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

| | | | Past due but not impaired | | |
|---|---|---|---|---|---|
| | Total | Neither past due nor impaired | Within 90 days | 90 to 180 days | Over 180 days |
| 2014 | 20,594,850 | 8,606,114 | 11,948,883 | 39,853 | - |
| 2013 | 33,953,528 | 3,986,943 | 16,855,817 | 13,057,010 | 54,758 |

Since received from Tamil Nadu Generation and Distribution Corporation (TANGEDCO) is £13.13 m for the sale made up to January 2014 and partly for sale during February and March 2014

The movement in provision for trade receivables is as follows:

| | Opening Balance | Provision for the Year | Write off/ Reversal | Closing Balance |
|---|---|---|---|---|
| 2014 | 978,893 | 93,316 | (544,326) | 527,883 |
| 2013 | 60,314 | 918,579 | - | 978,893 |

The creation of provision for impaired receivables has been included in general and administrative expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

**15. Inventories**

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Coal and fuel | 11,750,681 | 5,275,114 |
| Stores and spares | 1,148,523 | 865,859 |
| **Total** | **12,899,204** | **6,140,973** |

The entire amount of £12,899,204 (2012: £6,140,973) has been pledged as security for borrowings (refer note 19)

**16. Cash and cash equivalents**

Cash and short term deposits comprise of the following:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Cash at banks and on hand | 6,283,204 | 17,760,840 |
| Short-term deposits | 353,373 | 5,145,936 |
| **Total** | **6,636,577** | **22,906,776** |

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

Restricted cash represents deposits maturing between three to twelve months amounting to £ 7,456,090 (previous year £ 4,705,601) and maturing after twelve months amounting to £ 190,860 (previous year £ 394,782) which have been pledged by the group in order to secure borrowing limits with banks. (Refer note 19)

**17. Issued share capital**

*Share Capital*

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

The Company has an authorized and issued share capital of 351,504,795 equity shares (2013: 351,504,795) at par value of £ 0.000147 (2013: £ 0.000147) per share amounting to £ 51,671 (2013: £ 51,671) in total.

The Company has issued share capital at par value of £ 51,671 (£0.000147 per share).

*Reserves*

Share premium represents the amount received by the Group over and above the par value of shares issued and the excess of the fair value of share issued in business combination over the par value of such shares. Any transaction costs associated with the issuing of shares are deducted from securities premium, net of any related income tax benefits.

Foreign currency translation reserve is used to record the exchange differences arising from the translation of the financial statements of the foreign subsidiaries.

Other reserve represents the difference between the consideration paid and the adjustment to net assets on change of controlling interest, without change in control, other reserves also includes any costs related with share options granted and gain/losses on re-measurement of Available for sale financial assets.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income less dividend distribution.

**18. Share based payments**

The board has granted share options to directors and nominees of directors which are limited to 10 percent of the group's share capital. Once granted, the share must be exercised within ten years of the date of grant otherwise the options would lapse.

The vesting conditions are as follows:

- The 300 MW power plant of Kutch in the state of Gujarat must have been in commercial operation for three months.
- The Closing share price being at least £ 1.00 for consecutive three business days.

The related expense has been amortised over the estimated vesting period of 4.96 years (expected completion of the Kutch plant) and an expense amounting to £ 974,222 (2013: £ 974,222) was recognised in the profit or loss with a corresponding credit to other reserves.

Movement in the number of share options outstanding and their related weighted average exercise price are as follows:

| Particulars | 31 March 2014 | 31 March 2013 |
|---|---|---|
| At 1 April | 22,524,234 | 22,524,234 |
| Granted/Forfeited/Exercised/Expired | - | - |
| At 31 March | 22,524,234 | 22,524,234 |

The weighted average price fair value of options granted in 2010-11 was determined using the Black-Scholes valuation model was £ 0.28 per option. The significant inputs into the model were weighted average share price of £ 0.66 (2011) at the grant date, exercise price of £ 0.60, volatility of 31.34% dividend yield of Nil, an expected option life of 4.96 years and annual risk free rate of 3% .The volatility measured at the standard deviation of continuously compounded share returns is based on daily share prices of the last three years.

**19. Borrowings**

The borrowings comprise of the following:

| | Interest rate (range %) | Final Maturity | 31 March 2014 | 31 March 2013 |
|---|---|---|---|---|
| Term loans at amortized cost | 12.67-15.17 | March – 25 | 192,426,677 | 105,358,330 |
| Cash Credit and Working capital arrangements | | | - | 5,946 |
| Other borrowings | | March – 15 | 2,343,269 | 3,506,060 |
| **Total** | | | **194,769,946** | **108,870,336** |

Total debt of £ 194,769,946 (2013: £ 108,870,336) is secured as follows:

- The term loans taken by the Group are fully secured by the property, plant, assets under construction and other current assets of subsidiaries which have availed such loans. All the loans are personally guaranteed by a director.
- The cash credits and working capital arrangements availed by the Group are secured against hypothecation of current assets and in certain cases by deposits and margin money is provided as collateral.
- Other borrowings are fully secured by hypothecation of current assets and in certain cases by margin money deposits and other fixed deposits of the respective entities availing the facility.

Term loans contain certain covenants stipulated by the facility providers and primarily require the Group to maintain specified levels of certain financial metrics and operating results. The terms of the other borrowings arrangements also contain certain covenants primarily requiring the Group to maintain certain financial metrics. As of 31 March 2014, the Group has met all the relevant covenants.

The fair value of borrowings at 31 March 2014 was £ 194,769,946 (2013: £108,870,336). The fair values have been calculated by discounting cash flows at prevailing interest rates.

The borrowings are reconciled to the statement of financial position as follows:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| **Current liabilities** | | |
| Amounts falling due within one year | 8,191,455 | 4,972,199 |
| **Non-current liabilities** | | |
| Amounts falling due after 1 year but not more than 5 years | 94,459,543 | 84,835,475 |
| Amounts falling due in more than five years | 92,118,948 | 19,062,662 |
| **Total non-current** | **186,578,491** | **103,898,137** |
| **Total** | **194,769,946** | **108,870,336** |

**20. Trade and other payables**

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| **Current** | | |
| Trade payables | 17,176,528 | 12,582,732 |
| Creditors for capital goods | 7,475,692 | 24,547,203 |
| Other payables | 10,522,083 | 4,984,353 |
| **Total** | **35,174,303** | **42,114,288** |
| **Non-current** | | |
| Retention money | 9,486,097 | 3,038,756 |
| Other payables | 15,511,429 | 331,002 |
| **Total** | **24,997,526** | **3,369,758** |

With the exception of retention money and certain other trade payables, all amounts are short term. Trade payables are non-interest bearing and are normally settled on 45 days terms. Creditors for capital goods are non-interest bearing and are usually settled within a year. Other payables include accruals for gratuity and other accruals for expenses.

**21. Related party transactions**

*Where control exists:*

| Name of the party | Nature of relationship |
|---|---|
| Gita Investments Limited | Ultimate parent |
| Caromia Holdings limited | Subsidiary |
| OPG Power Generation Private Limited | Subsidiary |
| OPGS Power Gujarat Private Limited | Subsidiary |
| Gita Power and Infrastructure Private Limited | Subsidiary |
| OPGS Industrial Infrastructure Developers Private Ltd | Subsidiary |
| OPG S Infrastructure Private Limited | Subsidiary |

*Key management personnel*

| Name of the party | Nature of relationship |
|---|---|
| Arvind Gupta | Chief Executive Officer |
| V. Narayan Swami | Chief Financial Officer |
| M. C. Gupta | Chairman |
| Martin Gatto | Director |
| Ravi Gupta | Director |
| Patrick Michael Grasby | Director |

*Related parties with whom the group had transactions during the period*

| Name of the Related Party | Nature of Relationship |
|---|---|
| Sri Rukmani Rolling Mill Private Limited | Entity in which Key Management personnel has Control / Significant Influence |
| Kanishk Steel Industries Limited | Entity in which Key Management personnel has Control / Significant Influence |
| Gita Energy & Generation Private Limited | Entity in which Key Management personnel has Control / Significant Influence |
| Sonal Vyapar Limited | Entity in which Key Management personnel has Control / Significant Influence |
| OPG Energy Private Limited | Entity in which Key Management personnel has Control / Significant Influence |
| OPG Renewable Energy Private Limited | Entity in which Key Management personnel has Control / Significant Influence |
| Powerserve Support Limited | Entity in which Key Management personnel has Control / Significant Influence |
| Ravi Gupta | Relative of Key Management personnel |
| Avantika Gupta | Relative of Key Management personnel |

| Name of the Party | 31 March 2014 | 31 March 2013 |
|---|---|---|
| | Amount (£) | Amount (£) |
| **Summary of transactions with related parties** | | |
| **Kanishk Steel Industries Limited** | | |
| a) Sharing of Power | 32,662 | - |
| b) Class A Shares allotted | 7,281 | - |
| **Chennai Ferrous Industries Ltd** | | |
| a) Purchase of Coal | 300,475 | - |
| **Ravi Gupta** | | |
| a) Remuneration | 35,000 | 35,000 |
| **Avantika Gupta** | | |
| a) Remuneration | 52,143 | - |
| **Powerserve Support Limited** | | |
| a) Consultancy fees | 19,445 | 9,381 |
| **OPG Energy Private Limited** | | |
| a)Reimbursement of expenses | - | 27,378 |
| **OPG Renewable Energy Private Limited** | | |
| a)Purchase of coal | 149,391 | 35,790 |
| **Gita Energy & Generation Private Limited** | | |
| **a)**Reimbursement of expenses | 46,006 | - |

| Name of the party | 31 March 2014 | 31 March 2013 |
|---|---|---|
| | Amount (£) | Amount (£) |
| **Summary of balances with related parties.** | | |
| **Gita Energy & Generation Private Limited** | | |
| **a)**Trade Payables | 46,006 | - |
| **Kanishk Steel Industries Limited** | | |
| a) Trade and other receivables | - | 288,039 |
| **Sri Rukmani Rolling Mill Private Limited** | | |
| a) Trade and other receivables | - | 7,226 |
| **Sonal Vyapar Limited** | | |
| a) Trade and other receivables | - | 37,208 |
| **OPG Energy Private Limited** | | |
| a)Trade payables | - | 28,463 |
| **OPG Renewable Energy Private Limited** | | |
| a) Trade and other receivables | - | 104,089 |

Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2014, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2013: £ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**22. Earnings per share**

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company as the numerator (no adjustments to profit were necessary for the year ended March 2014 or 2013).

The weighted average number of shares for the purposes of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share (for the group and the company) as follows:

| Particulars | 31 March 2014 | 31 March 2013* |
|---|---|---|
| Weighted average number of shares used in basic earnings per share | 351,504,795 | 351,504,795 |
| Shares deemed to be issued for no consideration in respect of share based payments | 1,802,768 | - |
| Weighted average number of shares used in diluted earnings per share | **353,307,563** | **351,504,795** |

*The potential equity shares are anti-dilutive in nature and hence have not been considered for diluted EPS computation.

**23. Directors' remuneration**

| Name of Directors | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Arvind Gupta | 258,108 | 279,613 |
| V Narayan Swami | 52,143 | 58,283 |
| Martin Gatto | 35,000 | 35,000 |
| Mike Grasby | 35,000 | 35,000 |
| MC Gupta | 35,000 | 35,000 |
| Ravi Gupta | 35,000 | 35,000 |
| **Total** | **450,251** | **477,896** |

The above remuneration is in the nature of short-term employee benefits. As the future liability for gratuity and compensated absences is provided on actuarial basis for the companies in the group, the amount pertaining to the directors is not individually ascertainable and therefore not included above

**24. Business combination within the group without loss of control**

As per the original structure of the group, two Cypriot subsidiaries of OPGPV, namely GEPL & GHPL, held the investments in the equity of the Group's Special Purpose Vehicles (SPV) in India. During the year ended 31 March 2013, the management decided to interpose an Indian holding Company, GPIPL in the structure and warehouse the SPV investments in GPIPL. Accordingly, the shareholders of GEPL, GHPL and GPIPL had entered into a scheme of arrangement to effect the above restructuring of the group. As part of the regulatory requirements in India, the group had applied and obtained approval from the High court of Madras on 28 October 2011 subject to fulfilment of certain conditions including approval of relevant regulatory authorities, allotment of shares etc. The scheme had been consummated with effect from 25 January 2013 upon issue of shares to the shareholders of GEPL and GHPL, namely CHL and the assets and liabilities of GEPL and GHPL have been taken over by GPIPL. Consequent to the scheme of arrangement, the group also has gained 100% economic interest over GPIPL by virtue of an agreement entered into with the minority shareholders of GPIPL dated 01 April 2012. The liquidation process of GEPL and GHPL is in progress as at year end and is the management expects the same to be complete by the end of 2014.

The above arrangement has been considered as a business combination involving companies under the group and has been accounted at the date that common control was established using pooling of interest method. The assets and liabilities transferred are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity. There was no excess consideration paid in this transaction.

**25. Commitments and contingencies**

*Operating lease commitments*

The Group leases land under operating leases. The leases typically run for a period of 15 to 30 years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

Non-cancellable operating lease rentals are payable as follows:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Not later than one year | 27,770 | 33,439 |
| Later than one year and not later than five years | 111,079 | 133,757 |
| Later than five years | 470,106 | 599,527 |
| **Total** | **608,955** | **766,723** |

During the year ended 31 March 2014, £28,791 (2013: £32,165) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

*Capital commitments*
During the year ended 31 March 2014, the Group entered into a contract to purchase property, plant and equipment for £ 17,821,218 (2013: £ 11,081,450).

*Guarantees and Letter of credit*
The Group has provided bank guarantees and letter of credits (LC) to customers and vendors in the normal course of business. The LC provided as at 31 March 2014: £66,289,044 (2013: £31,106,476) and Bank Guarantee as at 31 March 2014: £4,348,072 (2013: £3,350,437) are treated as contingent liabilities until such time it becomes probable that the company will be required to make a payment under the guarantee.

**26. Financial risk management objectives and policies**
The Group's principal financial liabilities, comprises of loans and borrowings, trade and other payables, and other current liabilities. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also hold investments designated at available-for-sale categories.

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

The Group's senior management oversees the management of these risks. The Group's senior management advises on financial risks and the appropriate financial risk governance framework for the Group.

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

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

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

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

i. The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the average rate of borrowings held during the year ended 31 March 2014, all other variables being held constant. These changes are considered to be reasonably possible based on observation of current market conditions.

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

At 31 March 2014 and 31 March 2013, the Group had no interest rate derivatives.

The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held

constant. If interest rates increase or decrease by 100 basis points with all other variables being constant, the Group's profit after tax for the year ended 31 March 2014 would decrease or increase by £ 627,770 (2013: £ 331,703).

*Foreign currency risk*

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

The Group's exposure to foreign currency arises where a Group company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity:

| | **As at March 31 2014** | | **As at March 31 2013** | |
|---|---|---|---|---|
| **Currency** | **Financial Assets** | **Financial Liabilities** | **Financial Assets** | **Financial Liabilities** |
| United states Dollar (USD) | - | 18,557,553 | - | 25,232,704 |

Set out below is the impact of a 10% change in the US dollar on profit arising as a result of the revaluation of the Group's foreign currency financial instruments:

| | **As at March 31 2014** | | **As at March 31 2013** | |
|---|---|---|---|---|
| **Currency** | **Closing Rate** | **Effect of 10% Strengthening of GBP on net earnings** | **Closing Rate** | **Effect of 10% Strengthening of GBP on net earnings** |
| United states Dollar (USD) | 59.75 | (1,115,318) | 54.36 | (1,661,369) |

The impact on total equity is the same as the impact on net earnings as disclosed above.

*Credit risk analysis*

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

The maximum exposure for credit risk at the reporting date is the carrying value of each class of financial assets amounting to £ 44,805,445 (2013: £ 63,276,354).

The Group has exposure to credit risk from accounts receivable balances on sale of electricity. The operating entities of the group has entered into short term agreements with transmission companies incorporated by the Indian state government (TANGEDCO) to sell the electricity generated Therefore the group is committed, in the short term, to sell power to these customers and the potential risk of default is considered low. For other customers, the Group ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries engaged in their respective field of business. The credit worthiness of customers to which the Group grants credit in the normal course of the business is monitored regularly. The credit risk for liquid funds is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group's management believes that all the above financial assets, except as mentioned in note 13 and 14, are not impaired for each of the reporting dates under review and are of good credit quality.

*Liquidity risk analysis*

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

The Group maintains cash and marketable securities to meet its liquidity requirements for up to 60 day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The following is an analysis of the group contractual undiscounted cash flows payable under financial liabilities at 31 March 2014 and 31 March 2013:

| As at 31 March 2014 | Current - | Non – current - | | |
|---|---|---|---|---|
| | **within 12 months** | **1-5 years** | **Later than 5 years** | **Total** |
| Borrowings | 26,168,359 | 193,853,235 | 14,248,051 | 234,269,645 |
| Trade and other payables | 35,174,303 | 24,997,526 | - | 60,171,829 |
| Other current liabilities | 227,143 | - | - | 227,143 |
| **Total** | 61,569,805 | 218,850,761 | 14,248,051 | 294,668,617 |

| As at 31 March 2013 | Current - | Non – current | | |
|---|---|---|---|---|
| | **within 12 months** | **1-5 years** | **Later than 5 years** | **Total** |
| Borrowings | 17,849,474 | 128,713,272 | 14,630,134 | 161,192,880Z |
| Trade and other payables | 42,114,288 | 3,369,758 | - | 45,484,046 |
| Other current liabilities | 278,989 | - | - | 278,989 |
| **Total** | 60,242,751 | 132,083,030 | 14,630,134 | 206,955,915 |

*Capital management*
Capital includes equity attributable to the equity holders of the parent and debt less cash and cash equivalents.

The Group's capital management objectives include, among others:

- Ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value/
- Ensure Group's ability to meet both its long-term and short-term capital needs as a going concern;
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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

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

The Group maintains a mixture of cash and cash equivalents, long-term debt and short-term committed facilities that are designed to ensure the Group has sufficient available funds for business requirements. There are no imposed capital requirements on Group or entities, whether statutory or otherwise.

The Capital for the reporting periods under review is summarised as follows:

| | **31 March 2014** | **31 March 2013** |
|---|---|---|
| Total equity | 136,628,267 | 142,738,538 |
| Less: Cash and cash equivalents | (6,636,577) | (22,906,776) |
| **Capital** | **129,991,690** | **119,831,762** |
| | | |
| Total equity | 136,628,267 | 142,738,538 |
| Add: Borrowings (including buyer's credit) | 194,769,946 | 108,870,336 |
| **Overall financing** | **331,398,213** | **251,608,874** |
| **Capital to overall financing ratio** | **0.39** | **0.48** |

The disbursements of term loans received during the year have resulted in a decrease in capital to overall financing ratio.

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

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

| | Carrying amount | | Fair value | |
|---|---|---|---|---|
| | **31 March 2014** | **31 March 2013** | **31 March 2014** | **31 March 2013** |
| **Financial assets** | | | | |
| Loans and receivables | | | | |
| • Cash and cash equivalents [1] | 6,636,577 | 22,906,776 | 6,636,577 | 22,906,776 |
| • Restricted cash [1] | 7,646,950 | 5,100,383 | 7,646,950 | 5,100,383 |
| • Current trade receivables [1] | 21,008,401 | 34,814,660 | 21,008,401 | 34,814,660 |
| Available-for-sale instruments [3] | 16,157,890 | 5,554,918 | 16,157,890 | 5,554,918 |
| | **51,449,818** | **68,376,737** | **51,449,818** | **68,376,737** |
| **Financial liabilities** | | | | |
| Term loans | 192,426,677 | 105,358,330 | 192,426,677 | 105,358,330 |
| LC Bill discounting & buyers' credit facility [1] | 2,343,269 | 3,506,060 | 2,343,269 | 3,506,060 |
| Current trade and other payables [1] | 35,174,303 | 42,114,288 | 35,174,303 | 42,114,288 |
| Non-current trade and other payables [2] | 24,997,526 | 3,369,758 | 24,997,526 | 3,369,758 |
| | **254,941,775** | **154,348,436** | **254,941,775** | **154,348,436** |

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

1. Cash and short-term deposits, trade receivables, trade payables, and other borrowings like short-term loans, current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. The fair value of loans from banks and other financial indebtedness, obligations under finance leases, financial liabilities at fair value through profit or loss as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities.
3. Fair value of available-for-sale instruments held for trading purposes are derived from quoted market prices in active markets. Fair value of available-for-sale unquoted equity instruments are derived from valuation performed at the year end.

*Fair value measurements recognised in the statement of financial position*

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

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

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Available-for-sale financial assets** | | | | |
| Unquoted securities | - | - | - | - |
| Quoted securities | 16,157,890 | - | - | 16,157,890 |
| **Total** | **16,157,890** | **-** | **-** | **16,157,890** |

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

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the chief financial officer (CFO). Valuation processes and fair value changes are discussed by the Board of Directors at least every year, in line with the Group's reporting dates.

The fair value of contingent consideration related to the level 3 investments is estimated using a present value technique. The £Nil (2013 £274,181) fair value is estimated by discounting the estimated future cash outflows, adjusting for risk at 17%.

The valuation techniques used for instruments categorised in Levels 3 are described below:

| | 31 March 2014 | 31 March 2013 |
|---|---|---|
| Opening balance | 274,181 | 1,381,762 |
| Losses through profit or loss | 274,181 | 1,107,581 |
| **Balance** | **-** | **274,181** |
| Total amount included in profit or loss for unrealized losses on level 3 instruments under finance costs | 274,181 | 1,107,581 |

**28. Post-reporting date events**

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation

-ends-