OPG Power Ventures Plc

Annual report and accounts 2014

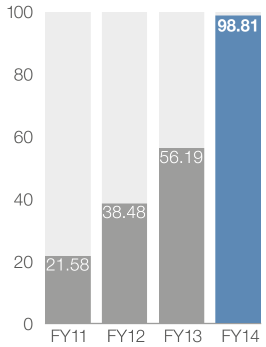
OPG Power Ventures Plc is developing and operating power plants in India.

Night view of Chennai site showing operating units Chennai I, II and III

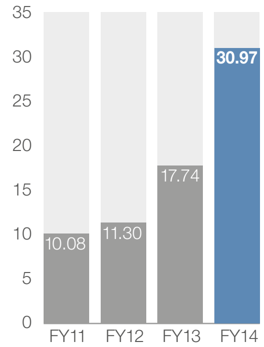
The Company is committed to building shareholder value and to being the first choice provider of reliable, uninterrupted power at competitive rates to its customers. OPG is listed on the Alternative Investment Market of the London Stock Exchange (AIM:OPG).

Highlights

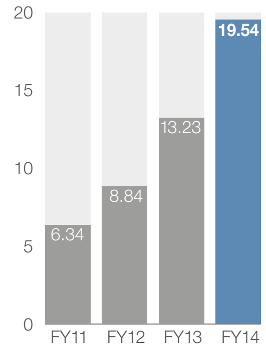
Revenue (£m)



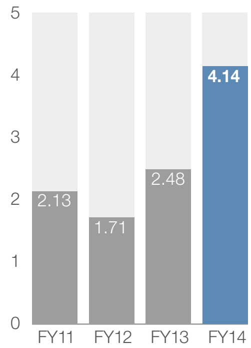
EBITDA (£m)



PBT (pre-exceptional items) (£m)



Earnings per share (pence)



Financial highlights

- Revenues of £98.81m up 76% from £56.19m
- 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 71% from 2.4 pence
- Cash & cash equivalents of £22.8m (including available-for-sale investments of £16.2m) and gearing of 52%

Operational highlights

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

Strategic report

Directors' report

Financial statements

Solid performance

OPG continued to deliver its pipeline of projects under construction, increasing capacity from 190 MW to 270 MW. Performance at its operating assets exceeded industry average.


Chennai IV site


Gujarat boiler unit II

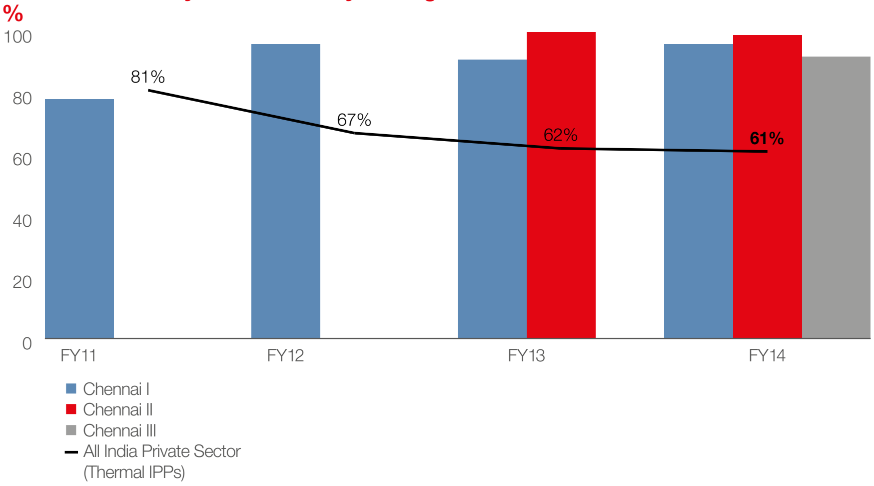
Q1 FY2014:

- **80 MW Chennai III construction completed and commissioned:** Construction of key equipment and balance of plant completed in May 2013. The unit was synchronised and fully operational within seven days and commenced commercial sales in June 2013.

Q2 FY2014:

- **Coal contract for c.40% of total imported coal requirements:** Coal contract until 30 June 2014. The free on board ('FOB') price was set at below spot prices.
- **Power Sale to TANGEDCO extended:** Sales contract with Tamil Nadu State utility at Rs 5.50 per kWh until May 2014.

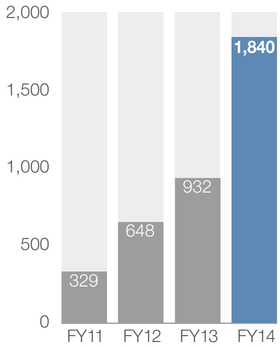
PLF – Consistently above Industry Average



Focused on delivery

Coal shed at Gujarat

Annual Power Generation (million kWh)



Q3 FY2014:

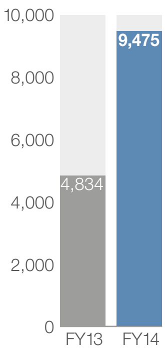
- **High Plant Load Factors ('PLF') achieved:** 100% average PLF achieved across units in the quarter.
- **2 x 150 MW Gujarat progressing ahead of schedule:** Hydro testing on one unit has been successfully completed.
- **Chennai IV:** Chimney and power house building are complete and the boiler steam drum has been lifted into position.

Q4 FY2014:

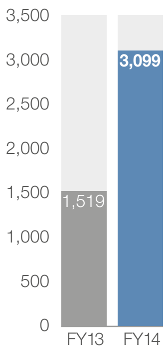
- **Long-term Variable Tariff ('LTVT') Arrangement for 80 MW:** Entered into a 15-year arrangement with TANGEDCO for supply of 74 MW, providing foreign exchange protection on imported coal.

Strong underlying performance

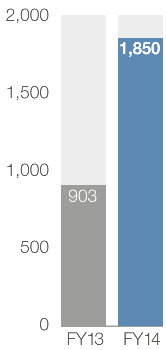
Revenue (Rs m)



EBITDA (Rs m)

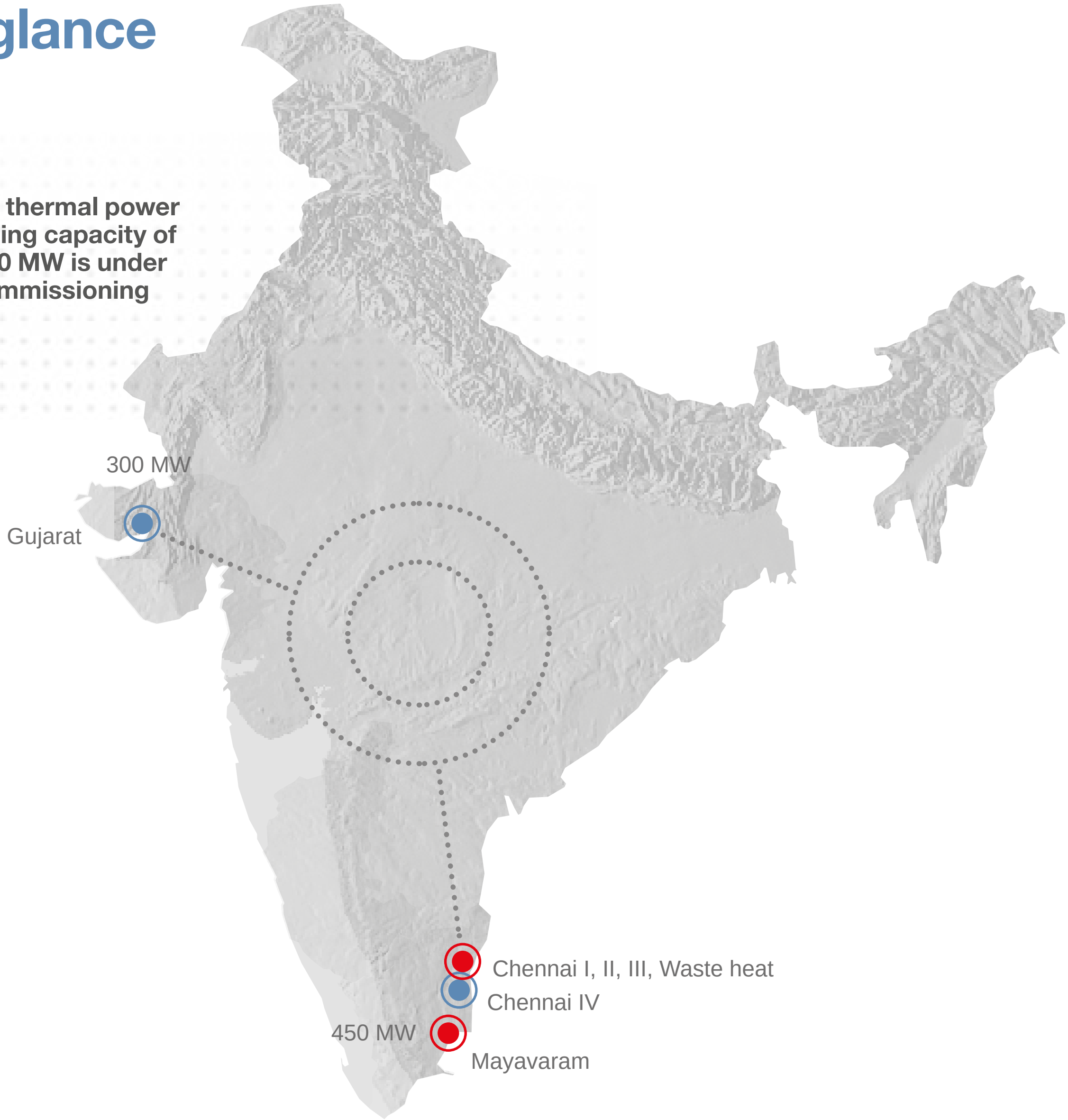


PBT (pre-exceptional items) (Rs m)



OPG at a glance

We are a producer of thermal power with a current operating capacity of 270 MW. A further 480 MW is under construction with commissioning scheduled for FY15.



750 MW

270 MW in operation

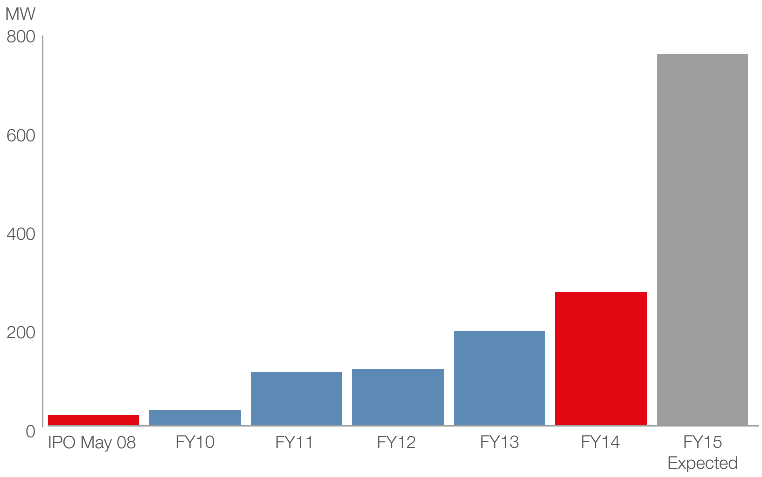
77 MW Chennai I
77 MW Chennai II
80 MW Chennai III
25.4 MW Mayavaram
10 MW Waste heat

480 MW in development

180 MW Chennai IV
300 MW Gujarat

A fast growing power business with operations in India

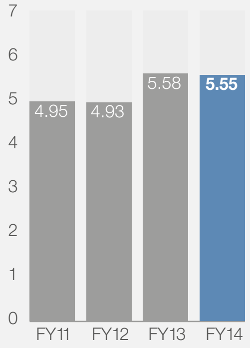
Aggregate generation capacity



Source: Company

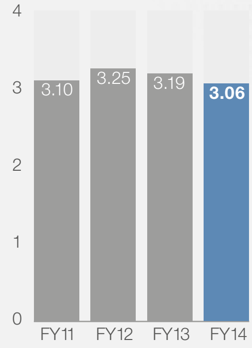
Key performance indicators

Average tariff realisation (Rs/kWh)



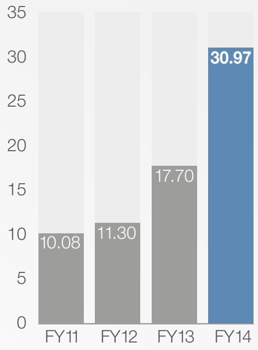
This is the average price realised per unit of power sold. The average tariff achieved for FY14 was Rs 5.55/kWh, similar to last year and was amongst the highest in the sector.

Cost of generation (Rs/kWh)



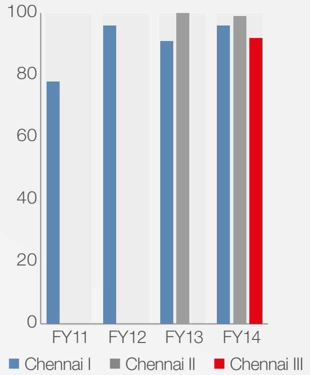
The cost of fuel is the primary cost input in power plants. Cost of generation per kWh decreased by 4% to Rs 3.06 in FY14 from Rs 3.19 in FY13.

EBITDA (£m)



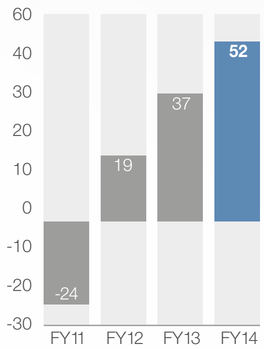
Earnings Before Interest, Taxes, Depreciation and Amortisation is a factor of volumes, prices and cost of production. This EBITDA measure is calculated by adjusting non-operational and exceptional items, depreciation and net finance cost. It is a measure of the Company's operating profitability. EBITDA for FY14 was higher by 75% at £30.97m. (FY13: £17.74m) because of generation from Chennai III and a full year contribution from Chennai II.

PLF (%)



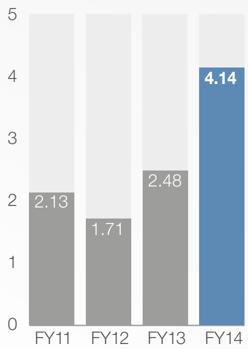
Plant load factor measures the output of a power plant compared to the maximum output it could produce. Chennai III which was commissioned in June 2013 achieved a PLF of 92% in its first year of operations. Chennai I and II also performed ahead of industry average at 96% and 99% PLF respectively.

Gearing (%)



Gearing is a measure of net debt to shareholders' equity plus net debt. The Group has net debt of £172.0m (FY13: £86.0m) and gearing of 52% (FY13: 37%). As development of projects proceeds, borrowings on projects increases and consequently the gearing.

Earnings per share (pence)



This represents net profit after tax attributable to equity shareholders. In FY14, earnings per share were 4.14 pence.

Market overview

Adequate supply, connectivity and reliability remains an issue with power cuts and blackouts still being a regular phenomenon in the country.

The recently elected National Democratic Alliance ('NDA') government has brought a new sentiment. There is considerable expectation as power security is outlined as a priority.

Power Sector Review

Following the introduction of the Electricity Act 2003, the sector has witnessed a CAGR growth of c.5% in electricity generation with significant contribution from the private sector, over 100 GW of capacity added and several billion dollars of capital investment. However, in recent years the industry has faced several challenges and a weak economic climate. Adequate supply, connectivity and reliability remains an issue with power cuts and blackouts still being a regular phenomenon in the country.

The recently elected NDA government has brought a new sentiment. There is considerable expectation as power security is outlined as a priority.

Demand for power driven by high population and economic growth

India's installed power capacity stood at 249 GW by the end of June 2014 making it the fifth largest power producer in the world. Despite this capacity, nearly 300 million of its 1.2 billion population have no access to power and shortages persist across the country. This is reflected in its low per capita consumption of c.900 kWh in FY2013, which is the lowest of the BRICS countries and below the world average of 3,045 kWh.

Installed capacity grew by 66 GW in the XIth plan (2007–12) and a further 42 GW was added until June 2014 in the XIIth Plan however power generation has not grown in line with installed capacity as the thermal power plants were operating at an annual average PLF of 66% in 2014 (2013: 70%). In November 2013, KPMG estimated nearly 33 GW of new plants were operating below 60% capacity due to fuel shortages.

The XIIth and XIIIth five year plans target a capacity addition of 88GW and 95GW respectively but these targets remain a challenge as several projects currently await regulatory approvals or funding or coal linkages. In addition to capacity shortages, transmission systems require substantial investment to cope with additional supply.

249GW

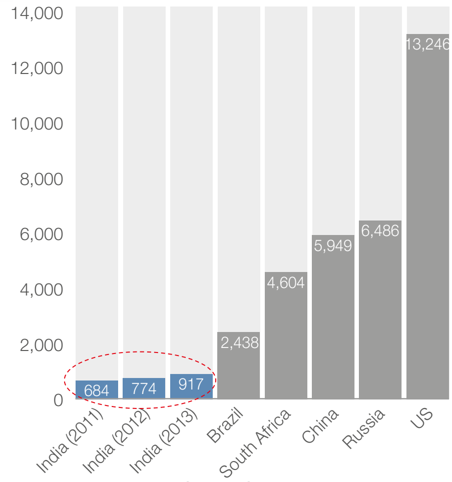
Installed power capacity

Fifth largest power producer in the world

917kWh

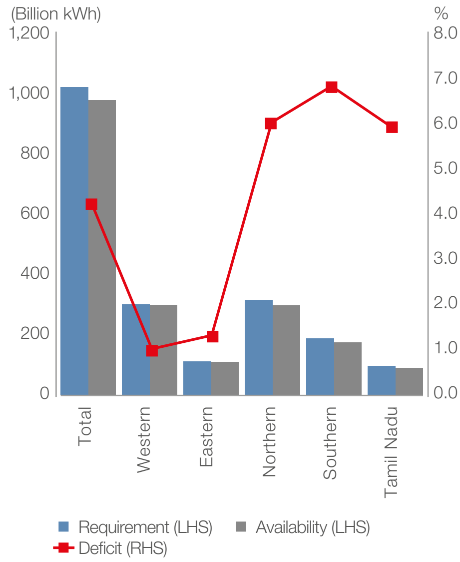
Per capita consumption (2013)
lowest amongst BRICS

India per capita consumption of electricity (kWh)



Source: CEA 2014, World Bank 2011

Power deficit in all regions (FY14)



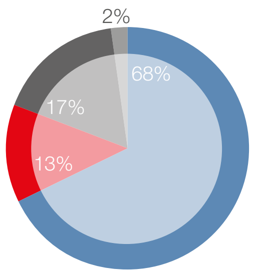
Source: CEA Mar 14

Renewables provides strong potential
Although coal-based generation is expected to be the principal source for power due to its abundance and low cost of production, renewable power has gained importance as there is excellent potential to develop wind and solar and manage carbon emissions. Total renewable capacity as at May 2014 was 32 GW of which wind contributed 21 GW. Under the XIIth five-year plan, the Government's target is to add 30 GW of renewable capacity. Favourable policies, both at Centre and State level to increase generation and offtake of power from renewable sources, availability of foreign capital and lower capital costs are expected to help achieve growth targets.

Current energy mix FY14 (%)

- Thermal
- Renewables
- Hydro
- Nuclear

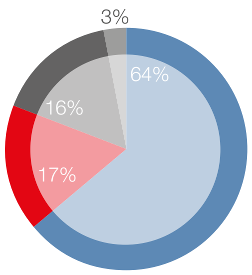
Source: CEA



Target energy mix FY17 (%)

- Thermal
- Renewables
- Hydro
- Nuclear

Source: CEA



Tariffs currently not aligned with input costs
The electricity tariffs, i.e. the price at which power is sold in India are established by the State Distribution Companies ('Discom') and regulators and is a tiered pricing structure for different users. Typically, agriculture and rural supplies are heavily subsidised – even zero in some cases while industrial customers pay the highest rate. As a result there has been significant under recovery of costs over the years by the Discoms which has been compounded by transmission loss and power theft, leading to financial losses. A Financial Restructuring Package ('FRP') was introduced in 2012 to provide financial assistance to the Discoms with the condition of mandatory tariff review and investment in transmission & collection infrastructure to reduce technical and commercial losses. Several states have accepted the FRP and tariff rises were seen across many states in FY13. However there is yet to be full implementation.

In two recent cases, the Central Electricity Regulator directed State Utilities to compensate the power generators for increased coal costs suffered due to short supply of domestic coal which had to be substituted by more expensive imported coal.

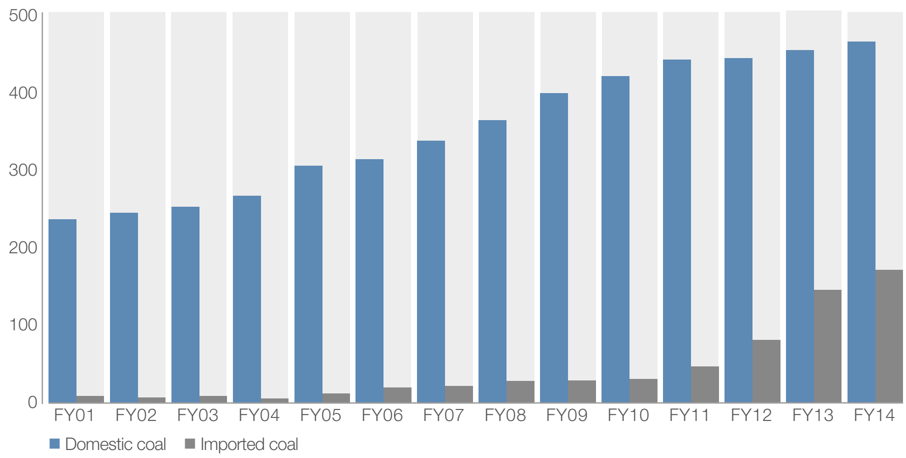
These developments provide some indication that there may be a shift towards a more realistic pricing policy, both by generators and regulators, to factor in input costs.

Domestic coal supply falls short of target; Dependence on imported coal
59% of India's power generation is coal-based due to its large coal reserves. Domestic coal supplies are controlled by the state owned Coal India Limited ('CIL'). CIL produced 462 Mt compared to a target of 482 Mt in FY14. While production has consistently grown, it has fallen short of its target and India's requirement. The lower production has been on account of delays in permitting mine expansions and constraints in rail capacity.

CIL's target for FY15 is 507 Mt and it aims to increase this to 795 Mt by 2017 to meet the growth in coal power plants in the XIIth five-year plan. It has 146 projects under approval and a further 126 planned which are expected to contribute to the increase in production. It is also investing in the railway infrastructure to improve offtakes from mines. 171 Mt of coal was imported in FY14 up 18% from FY13.

Global demand on the other hand has been weak due to subdued demand from China and USA's move towards shale gas and renewables. Indian power producers were not able to realise the benefits of improved coal pricing last year due a to sharp depreciation in the Rupee.

Domestic and imported coal usage for power generation (Mt)



Market overview continued

Macro overview

Depreciation in Indian Rupee now stabilised

In August 2013, India saw one of the steepest falls in the Rupee-Dollar exchange rates from Rs 53.2 in January 2013 to Rs 62.6 in September 2013. Since then the Rupee has appreciated to 59.1 in May 2014.

This decline was mainly due to a high Current Account Deficit ('CAD') caused by foreign capital outflows, increased gold and oil imports and the Fed's announcement of tapering of quantitative easing. The Reserve Bank of India took several measures such as curbing non-essential and gold imports, overseas investments and managing payments for oil imports, increasing Foreign Direct Investment ('FDI') limits in some sectors and reducing excess liquidity to restore the exchange rate.

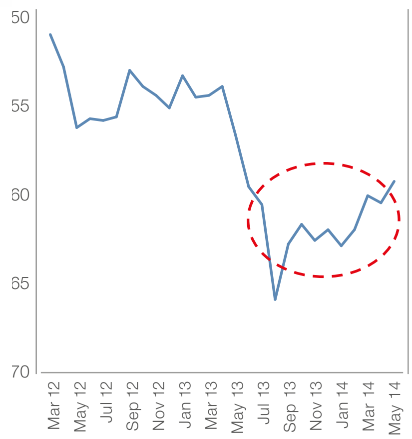
GDP

There has been a marginal recovery in GDP from 4.5% in FY13 to 4.7% in FY14. The agriculture sector grew significantly at 4% up from 1.4% due to a good monsoon but was offset by the lower growth in industries of 0.4%. Services sector remained stable at 7%. Consensus estimate for GDP for FY15 stands at c.5.5%.

Inflation & interest rates

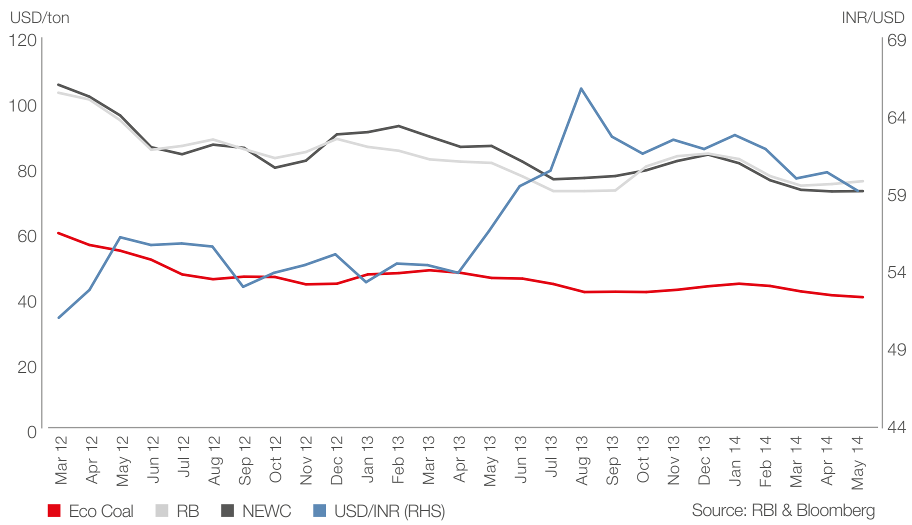
Inflation measured by Consumer Price Index ('CPI') inched upwards from about 9% to nearly 11% before dropping to 8.3% in March 2014. Food inflation was at an all time high. The monetary policy key objective has been to rein in inflation and as such we have seen interest rates rise by 75bps during the year to 8%.

USD INR exchange rate



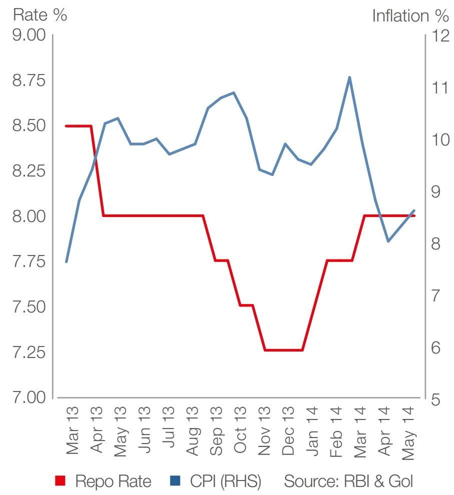
Source: Bloomberg

Coal prices and currency movement



Source: RBI & Bloomberg

Interest rates and inflation (%)



Source: RBI & GoI

The new Government offers renewed optimism
The Narendra Modi led BJP Government won elections in May 2014 with an overwhelming majority. Mr Modi has a track record of growth and development in Gujarat making it India's fastest growing state which is expected by many to be replicated across the country. The new Government brings with it much hope of kick-starting the economy and a reversal of the last few years slowdown.

Its key objectives are briefly outlined below:

- **Achieve a target of fiscal deficit** of 3% of GDP by 2016–17 and be kept below that level by focusing on exports and reducing dependence on imports
- **Reduce inflation:** The new government will need to rein it in through supply side measures to enable Reserve Bank of India to cut interest rates to spur demand
- **Revive economic growth** and create jobs through huge public investments in infrastructure, like laying of roads, railways and connecting ports
- **Pledge to launch a 'National multi-skill Mission'**, do 'skill mapping' and also make secondary education universal
- **Boost manufacturing**, revive SME sector, cut red tape and make environment clearances transparent and time bound
- **Financial sector reforms**, ending 'tax terrorism': BJP has committed to banking reforms, including reducing non-performing assets
- **Urbanisation** and agriculture development
- **Dealing** with corruption and black money
- **Revamp** social welfare schemes and subsidies

10
year tax holiday
Extension to projects starting by 2017

88GW
New capacity addition targeted by 2017

Budget 2014: Power Sector
The Government believes that access to reliable electricity is key to achieving growth. The turnaround of Gujarat's power sector under Mr Modi's leadership provides for a successful model. The Government's measures in the 2014 budget has been aimed to improve coal availability and boosting solar power generation both at a macro and micro level.

Accelerated reforms
The new government has created a single ministry for 'Power and Energy' covering coal, thermal, renewable and new power. The creation of a single body is expected to streamline the decision making process.

Coal
Coal availability or the lack of it has been a major bottleneck for operating plants and plants to be commissioned. Plants have been operating at sub optimal levels due to domestic coal shortage. The key measures outlined in the Budget 2014 are

- Provide adequate quantities of coal to power plants which are already commissioned or would be commissioned by March 2015 to improve generation and progress pending projects
- Rationalise coal linkages and optimise coal transport in order to reduce cost of power
- Approximately US$20m allocated towards Ultra Modern Super Critical Thermal Coal based technology
- Import duty on all types of coal rationalised to 2.5% and 2% Counter Veiling Duty

Availability of power for agriculture & rural through solar
The Budget seeks to increase solar power generation both at a macro and micro level. Measures announced are aimed at improving the availability of power to rural areas and agriculture sector and maximising the solar opportunity in the high insolation states.

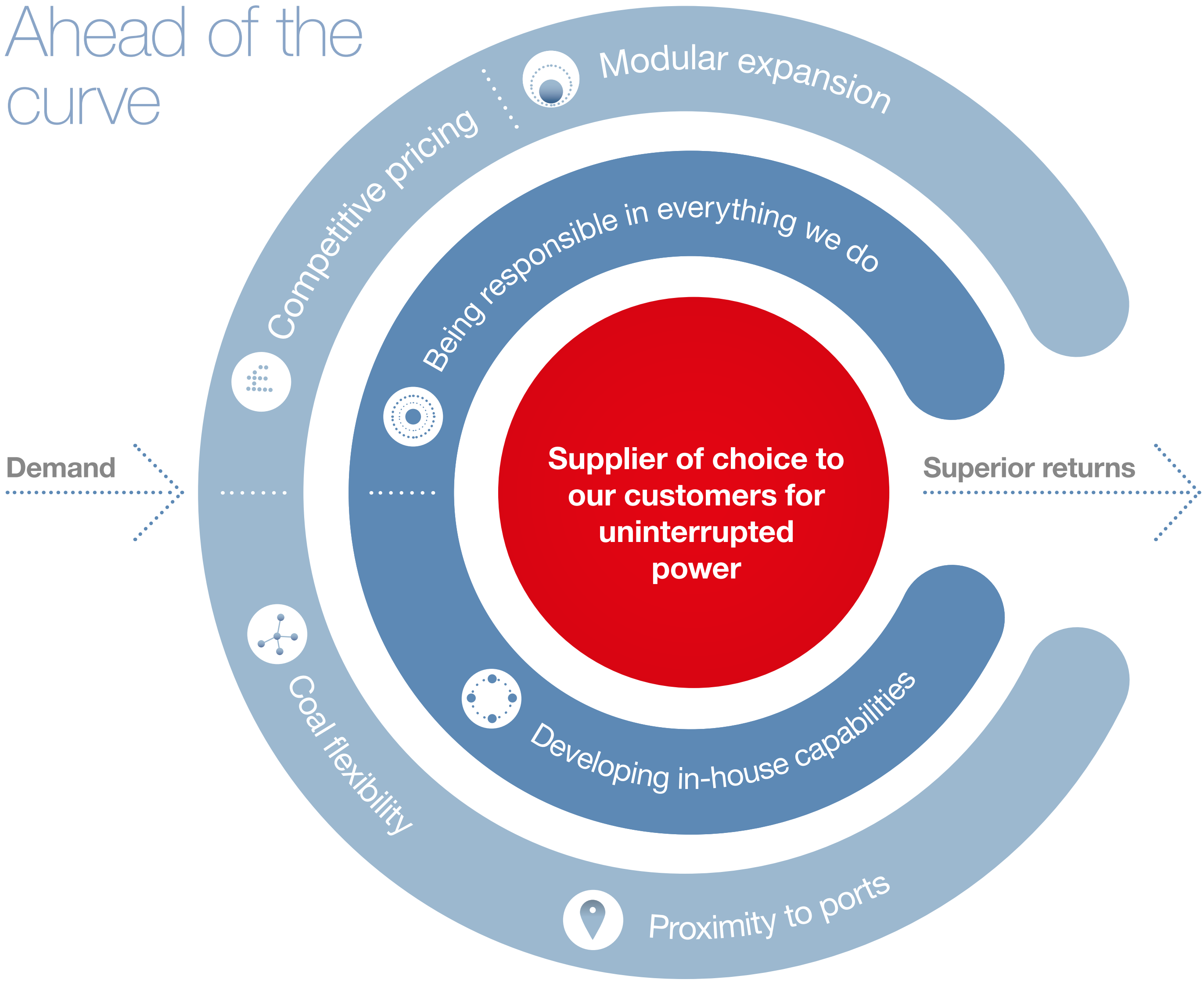
- US$83m Ultra Modern Solar Power Projects in Rajasthan, Gujarat and Tamil Nadu
- US$80m to augment power supply to rural areas and for strengthening sub-transmission and distribution systems
- US$67m for solar power driven agricultural pump sets and water pumping stations
- US$17m for the development of 1 MW Solar Parks on the banks of canals
- Green Energy Corridor to facilitate evacuation of green power throughout the country
- Flat copper wire used for the manufacture of PV (photovoltaic) ribbons will be exempted from basic customs duty
- A concessional basic customs duty of 5% is also being extended to machinery and equipment required for setting up of a project for solar energy production

Financial measures
- Extension of 10-year tax holiday for power undertakings which begin generation, distribution and transmission of power by 31 March 2017
- Long-term foreign borrowing concessional rate of 5% withholding tax for interest payments.

Business model

The Company aims to deliver shareholder value by being the first choice provider of reliable and uninterrupted power at competitive rates to its customers. Our strategy is to maximise performance of existing generation assets and to continually de-risk our project portfolio.

Ahead of the curve



Our business model is currently driven by the shortage of reliable and continuous power in highly industrialised states of India.

Continuous, uninterrupted power supply

OPG's revenue model is to sell in the short-term market to industrial and commercial customers or state utilities. OPG, a source of continuous and uninterrupted power supply, provides an opportunity to meet the regular and peak power demands of its customers.

Competitive pricing

- Power is sold to industrial and commercial customers and state utilities at an attractive price

Modular expansion

- Expansion of capacity is executed by building modular sizes and choosing technology and equipment which reduces operational risks
- New projects and plants built on existing sites

Coal flexibility

- The boilers at our plants have been uniquely designed to burn coal sourced either domestically (India) or imported and can be burnt singly or in any mix of the two

Proximity to ports

- Our principal plants and projects are located close to ports which allows us to obtain imported coal with minimum land logistics

Our business reflects our core values and us striving for excellence in management.

Being responsible in everything we do

- Seek to identify and maximise any brownfield development opportunities
- Evaluate and work with long-term, top tier financing, technical and consulting partners
- Ensure all environmental norms are met or exceeded
- Take cognisance of the needs of local communities

Developing in-house capabilities

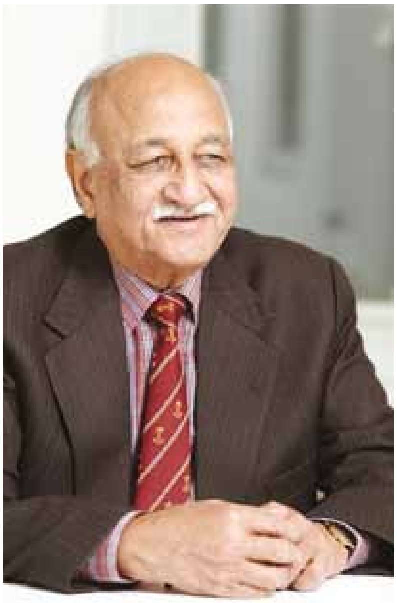
- Promote a safe working environment
- Continually enhance our development skills through internal mobility of senior employees with project development experience
- Evolve reward structures to align with value creation

Superior returns

- Secure best available tariff through flexibility of revenue model
- Maintain ability to use domestic, imported and blended fuel sources of a broad range of specifications
- Implement optimisation of generation assets and work with development partners to incorporate performance improvement measures in subsequent projects
- Minimise exposure to complex logistics

Chairman's statement

We are now a recognised growing player in the electricity sector at a time when India has a new government that has vocalised its commitment to the sector.



By any measure your Company has delivered a solid performance this year. Operational metrics are ahead of industry norms and projects have been delivered on or ahead of time and within budget. This performance means we have nearly 300 MW of generation capacity that can operate throughout the year and this in turn gives us the confidence to state clearly our intentions as to the timing of commencement of dividend payments. My colleagues and I on the Board are immensely pleased about this.

There is of course further work to be done. The Company has two major projects heading towards commissioning that are expected to take total generation capacity to over 700 MW in just a matter of months. Both projects are on track and as a result management have also been charting the next phase of the Company's growth, further details of which should be forthcoming in due course.

This is a special time to be introducing new projects in our sector in India. A new government has been elected recently with a substantial majority and whilst it's early days since its formation, the new prime minister, Mr Narendra Modi, has made plain the crucial role that the power sector is to play in the nation's growth. In our view this bodes well for all types and sizes of power generation projects as the country's dramatic energy needs cannot be serviced by any one or two fuel source alone. As has been much publicised in India again in the recent summer months, almost every area of the country has an unquenched shortage of electricity. The sector thus requires investment and we expect the trend of supportive policies to continue apace.

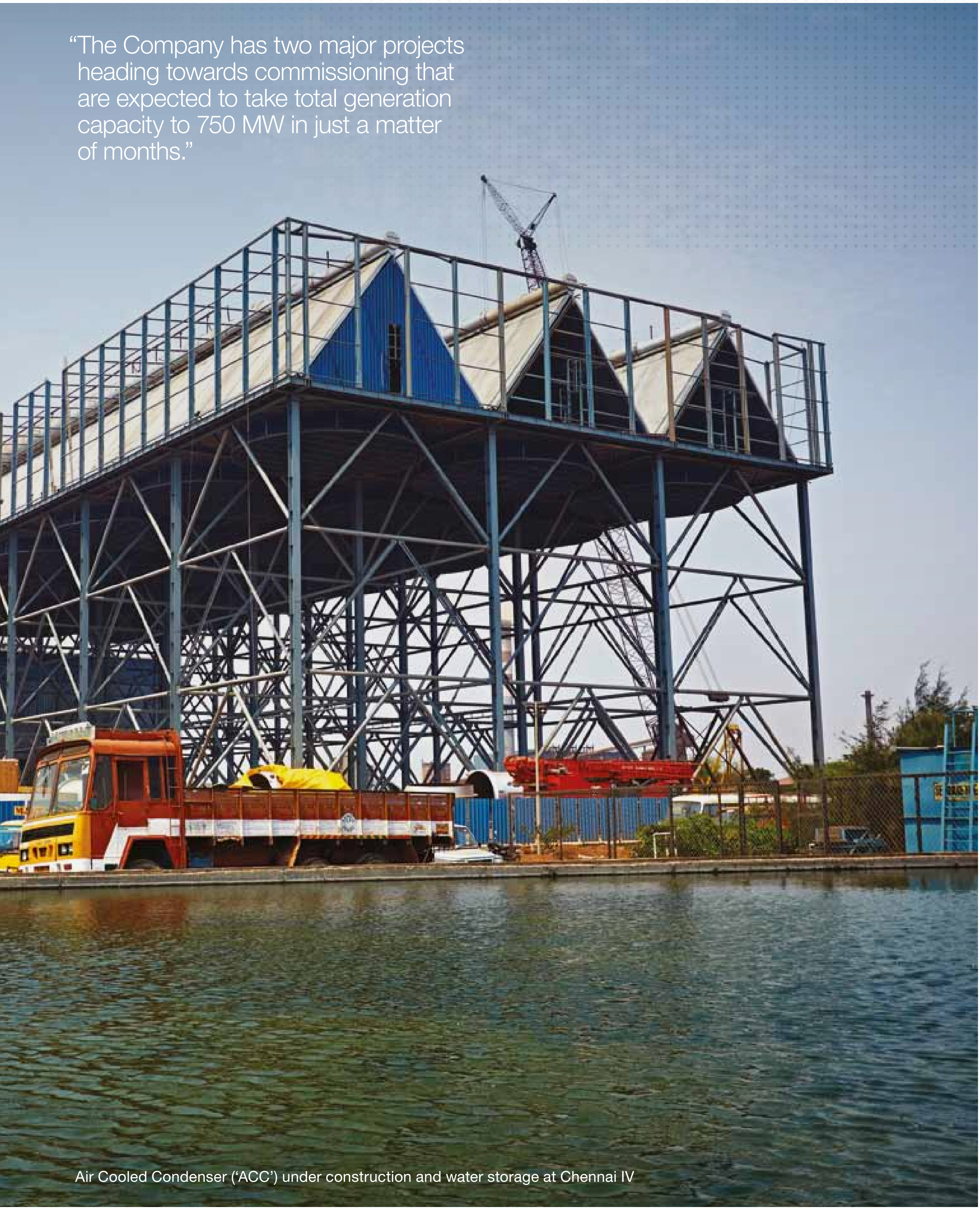
On our part, the Company must thus remain committed towards pursuing its unbroken record of profitability and delivering continuous growth in this critical sector of the Indian economy.

I must thank the Company's management and staff for their teamwork and dedication all of which is bearing fruit to the Company and I'm equally thankful to my colleagues on the Board and to shareholders for their unwavering support.

We look forward to further substantial progress in the Company's activities next year.

M C Gupta
Chairman
20 May 2014

“The Company has two major projects heading towards commissioning that are expected to take total generation capacity to 750 MW in just a matter of months.”



Air Cooled Condenser (‘ACC’) under construction and water storage at Chennai IV

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 Rs 4.8bn to Rs 9.5bn versus a year earlier and pre-tax profits rose from Rs 0.9bn to Rs 1.8bn 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 74 MW, 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.

"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."

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 20 MW 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 480 MW 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 £128m on advancing our capital projects, more than any previous period, and we have around £51m 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 – 450 MW in the South and 300 MW 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 25bn 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
20 May 2014

Delivery and Growth through: Performance

Maximising generation from assets

+97.5%

Increase in generation

80 MW Chennai III commenced operations in June 2013 and contributed significantly to the increase in generation.

Detailed view of the Electrostatic Precipitator ('ESP') units at Chennai site

Making significant progress

750 MW

The Company's projects of 480 MW are fully funded and under advanced construction. The Company is set to achieve further transformational growth with near tripling of capacity from 270 MW to 750 MW.

OPG has delivered a strong performance year-on-year across all metrics. The Group's revenue has grown from £22m in 2011 to approximately £100m in FY14.

Profit after tax and Earnings per share have grown multifold building value for its shareholders. The Company has consistently achieved a high average tariff per unit.

The Company's flexible model, has allowed it to weather the tough economic conditions experienced by the Indian power sector and OPG continues to be amongst the most profitable players in India.

The Company prides itself on its operational performance. From 20 MW in 2008 to 270 MW today, the Group has been transformed significantly. The annual average plant load factor ('PLF') of the three operating units was more than 96% in the financial year under consideration surpassing industry average.

"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."

Arvind Gupta
Chief Executive Officer

Credibility through: Track record

- Higher tariffs realised consistently
- Operational performance of all the three units has surpassed Industry average
- Track record of delivering projects


Chennai IV chimney, boiler, ESP and ACC units

OPG's objective is to build shareholder value and to be the supplier of first choice. OPG supplies power to industrial or commercial customers including the state utility focusing on providing reliable power at competitive tariffs. OPG's management has built a track record of operational, financial and project delivery.

Chennai I, II and III

OPG today has a portfolio of 750 MW compared with its original commitment of 347 MW of which it has successfully commissioned 270 MW. An additional 480 MW is expected to be commissioned in FY15. It has focused on projects being on time and budget. The management team have raised £125 million of equity and a further £310 million of debt facilities in India to fund its portfolio.

The Company has outperformed its peers on operational and financial performance. Operational performance of its assets has been strong and consistent year-on-year with high availability and utilisation of plants. EBITDA margins and profitability have been maintained by achieving best tariffs, flexibility in coal procurement and robust operational performance. It has paid its debt instalments ahead of schedule in the last three years.

In achieving its objectives, the Group takes seriously its responsibility towards its employees, environment and local communities. It was awarded the ISO 14001 and OHSAS 18001 at Chennai for its procedures and policy towards the environment and health and safety. It engages with local communities and focuses on the areas of education, health and women empowerment.

"By any measure your Company has delivered a solid performance this year. Operational metrics are ahead of industry norms and projects have been delivered on or ahead of time and within budget."

M C Gupta
Chairman

Experienced

400 employees

OPG has its own projects and operational teams who deliver plants on time, in budget and now run one of India's best plants.

Self-sufficiency through: Expertise

Construction worker working on the ACC unit at Chennai IV

The Group has gained significant experience in developing and operating projects in the last six years. It has delivered 234 MW of new projects and has a further 480 MW under construction.

Responsible growth

ISO 14001

At Chennai we have obtained certification ISO 14001 for environmental management and OHSAS 18001 for occupational health and safety management systems.

Advanced debt repayment

£3.32m

The Company is ahead in its debt repayments by nearly one-year interest saving about £0.77m in FY14.

The Group today has 400 employees and a further 1,000 contractors working on its site. The in-house team comprises engineers of all disciplines such as Mechanical, Electrical, Instrumentation, Chemical and Civil, Safety Officers, Logistics Officers, Finance, Legal and Accounts professionals. This team oversees each project from planning to commissioning and day to day operations.

Currently, our EPC team is managing and overseeing the 300 (2x150) MW Gujarat and 180 MW Chennai IV projects which are in advance stages of construction with 1,000 contractors and several suppliers on site in both locations. This team has successfully delivered 234 MW developed from scratch.

The Company believes in continuous improvement as a result of which a PLF of over 90% was achieved for Chennai III during the first year of its operation. Further, the Company's Chennai operations ranks among the top plants in India for its operational performance. At Chennai we also achieved OHSAS and ISO certification earlier in the year. The Group implemented SAP-based enterprise resource planning (ERP) system during the year to streamline its information flow.

The Group is fully funded for its current portfolio of 750 MW. The Group has a gearing ratio of c.52%. and its cashflow from current operations has enabled early repayment of debt instalments.

Operational review

The following is a summary of our operations for the year.

Operations

Chennai performance ahead of expectations

During the year under review, the generation increased by nearly 100% from 932 million kWh to 1,840 million kWh. The increase was contributed by a full year of Chennai II operations compared to six months in the previous year and ten months from Chennai III which was commissioned in June 2013. Further the average PLF for each of the units exceeded expectations at over 90%, well above the private sector average of 61%.

Excellent progress on projects

During the year under review, the Company made considerable progress at both its plant sites at Chennai and Gujarat.

80 MW Chennai III delivered

Chennai III was successfully commissioned in June 2013. The trial commissioning was completed in May 2013 and the plant was stabilised in a record seven days. The plant ramped up to 70% PLF during the first quarter of FY14 and operated at an average 92% for FY14.

180 MW Chennai IV – Increased capacity by 20 MW

At the Chennai IV unit, aesthetic finalisation of civil works remains. The chimney is complete. Of the major boiler related components of the unit, the boiler itself is now installed and hydraulic tests were successfully completed in June 2014. The turbine and generator are on site and following the hydraulic testing, the turbine, generator and instrumentation can be interconnected, preparation for the turbine to be charged with steam and the unit insulated, an activity that typically takes four months, after which we expect to commence commissioning trials. Transmission infrastructure for this project is already in place. Our scheduled commissioning is in December 2014.

We sought the requisite permitting to implement the Chennai IV unit as a 180 MW asset, in line with the capacity rating assigned to the unit by its suppliers, instead of as a 160 MW unit as has been the scope of this development to date. Our team is now satisfied that this capacity is deliverable from the unit. The change is not expected to alter our commissioning timetable.

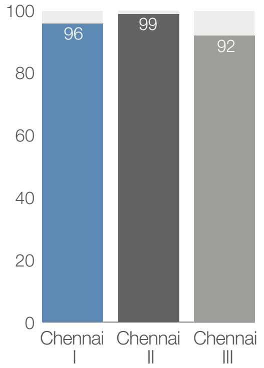
300 (2 x150) MW Gujarat nearing completion

At the Gujarat plant too, comprising two identical 150 MW units, aesthetic finalisation of civil works remains. The chimney is complete. Of the major boiler related components of the plant, the boilers of both units have successfully completed hydraulic tests and are being prepared for commissioning activities. The assembly and installation of both turbines is significantly advanced too.

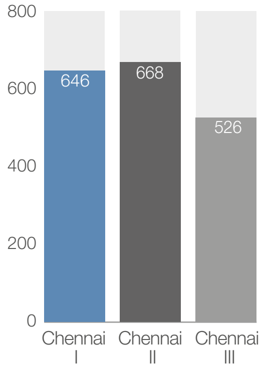
The state is now laying several kilometres of transmission lines in order to connect the plant to high voltage transmission infrastructure of which we are undertaking some activity.

This development is set to transform our scale to 750 MW, with 450 MW in southern India and 300 MW in western India.

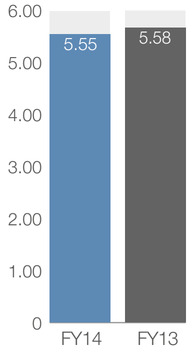
PLF (%) FY 2014



Generation (million kWh) FY 2014



Tariff (Rs/kWh)



Operations team at Chennai III Turbine Generator building

97.5%

Increase in generation

All units performed ahead of management expectations with over 90% PLF for the year

Strong operational capabilities

Project Development

Project Milestones	Financing	Civil works & Foundation	Chimney & Boiler related construction	Testing & commissioning
Chennai III	Completed	Completed	Completed	Completed
Chennai IV	Completed	Mostly completed	Significantly advanced	FY15
Gujarat	Completed	Mostly completed	Mostly completed	FY15

Principal risks

The Group faces a number of risks to its business and strategy. Management of these risks is an integral part of the management of the Group. The Group has in place a process for identifying and managing risks.

The list of principal risks and uncertainties facing the Group's business set out below cannot be exhaustive because of the very nature of risk. New risks emerge and the severity and probability associated with these will change over time.

Sector-related risks

Power sale in the Group captive model

Potential impact

The Group's power plants derive their revenue from the Group captive model selling power to captive consumers and partly from sale on short-term, medium-term, or long-term sale basis and would, for this purpose, enter into power purchase agreements with counterparties such as captive consumers, power trading companies and state utilities.

Contracts with customers may impose restrictions on the Company's ability to, amongst other things, increase prices at short notice and undertake expansion initiatives with other customers. This could affect the revenue in the short to medium term.

Monitoring and mitigation

- Review contracts periodically to obtain best possible tariffs
- Flexibility to sell to captive consumers or in the open market
- Benchmarking captive consumer prices to state utility prices to benefit from any price increases

Availability of fuel supply and costs

Potential impact

The Group has coal linkages with domestic companies and agreements for imported coal.

The dependence on third parties for coal exposes the Group's power plants to vulnerabilities such as non-supply, price increases in the international market, foreign exchange fluctuations and increases in shipping costs. This could impact the operations and profitability of the Group.

Monitoring and mitigation

- Seeking long-term supplies
- Maintaining adequate storage facility to keep appropriate levels of surplus stocks
- Maintaining relationship with suppliers and mitigating any potential disruption
- Developing different sources for fuel supply especially in the imports market

Timely execution of projects

Potential impact

The length of the construction period and the cost to complete any given project is dependent on third party suppliers and EPC contractors.

Factors such as disputes with contractors, price increases, shortages of construction materials, delays in supply from various contractors, accidents, unforeseen difficulties, changes in government policies and delays in receipt of necessary approvals can lead to cost overruns and delays impacting the timely completion and ultimately the profitability of projects.

Monitoring and mitigation

- Close monitoring of projects by the project team and addressing issues causing delays
- Ordering key equipment and long lead items ahead of schedule
- Including liquidated damages clauses in its contracts in relation to such matters as delays and inferior Workmanship
- Developed strong and well experienced in-house EPC team to deliver the projects on time

Project Finance

Potential impact

The development of power plants is a capital intensive business and the Group's projects require access to both equity and debt markets.

Terms of debt funding/Interest rates may change.

Monitoring and mitigation

- Assessing financial viability of projects
- Financing projects with an optimum mix of debt and equity including internal accruals
- Obtaining in-principle project finance from banks before commencement of projects
- Monitoring cash flows to ensure repayment of debt and interest in line with schedule
- Exploring new relationships in debt markets to ensure optimum debt funding terms

Sector-related risks continued

Health, safety and environmental and local stakeholder management

Potential impact

The Group's plants are located in different states and in areas where there is adequate land to set up projects, water availability and connectivity to ports. Setting up power projects in such areas may affect the environment and health and safety.

Changes in legislation and standards, the Group's failure to control adequately environmental and health and safety risks or activism by local groups could have an adverse impact on the operations of the Company.

Monitoring and mitigation

- The Group has management systems to monitor the health, safety and environmental aspects of business. These are communicated to the relevant businesses and employees with training provided on a regular basis
- There is a formal committee responsible for health, safety and environmental issues at Board level is under consideration
- Board committee for HSE monitors the key parameters and develops comprehensive policies for ongoing management and mitigation
- The Group proactively engages with local stakeholders prior to and during project commissioning to address concerns
- Working with local communities and implementing sustainable programmes to aid the development of these communities

India-specific risks

Government policy and regulations

Potential impact

The power industry is heavily regulated with permits and licences issued by the Indian Government. Further, the regulatory environment is continuously changing. Obtaining these licences is critical to the Group's development plans.

Failure or delays in receiving permits or approvals could have an adverse impact on projects and affect the profitability of the Group.

Monitoring and mitigation

- The Group monitors and reviews changes in the regulatory environment and its commitments under licences previously granted
- It continually ensures compliance with the conditions contained within individual licences and is mindful of the importance of complying with national and local legislation and standards
- The Group maintains an open and proactive relationship with the Indian Government and its various agencies

Ability to retain fiscal and tax incentives

Potential impact

The Group's existing and planned power plants are based on the various fiscal and tax benefits that will be available to the Company by the federal and state government.

A change in policy or the adoption of tax policies and incentives can have an adverse impact on the profitability of the Group.

Monitoring and mitigation

- The Group continues to monitor changes and developments in respect of incentives provided by the Indian federal and state authorities
- Project investment returns are evaluated based on the expected incentives available to the Company and are revised based on the most up-to-date guidance available

Exchange rate fluctuations

Potential impact

As a consequence of the international nature of its business, the Company is exposed to risks associated with changes in foreign currency exchange rates. The Group's operations are based in India and its functional currency is the Indian Rupee although the presentational currency is Great Britain Pound Sterling. The raw material is purchased in US Dollars.

The Group's financial results may be affected by appreciation or depreciation of the value of the foreign exchange rates relative to the Indian Rupee.

Monitoring and mitigation

- Putting in place, where appropriate, forward contracts or hedging mechanisms
- Monitoring our risk on a regular basis where no hedging mechanism is in place and taking steps to minimise potential losses

Global financial instability

Potential impact

The Indian market and Indian economy are influenced by global economic and market conditions, particularly emerging market countries in Asia. Financial instability in recent years has inevitably affected the Indian economy.

Continuing uncertainty and concerns about contagion in the wake of the financial crises could have a negative impact on the availability of funding.

Monitoring and mitigation

- The Group continues to monitor changes and developments in the global markets to assess the impact on its financing plans

Financial review

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

"OPG revenue has increased by £42.61m, reflecting a 76% growth year-on-year. Underlying Rupee revenues increased by 96%."

Mr V Narayan Swami
Financial Director

Income statement

Year ended 31 March (£m)	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 and 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

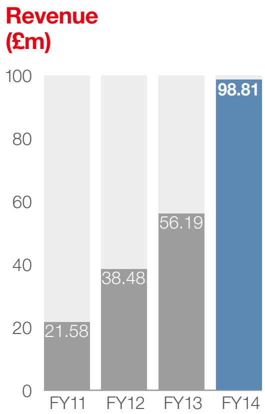
OPG revenue has increased by £42.61m, reflecting a 76% growth year-on-year, on account of a full year contribution from the 77 MW Chennai I & Chennai II plants and nearly 10 months contribution from the 80 MW Chennai III plant. Underlying Rupee revenues increased by 96%.

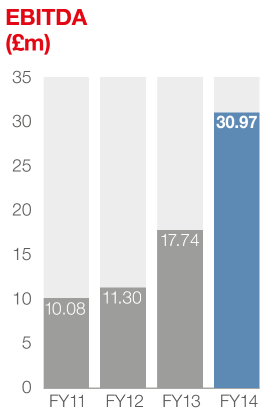
Production and output levels from the Group's operating power plants compared to the prior year were as follows:

Particulars	FY14 Generation (million kWh)	FY13 Generation (million kWh)	FY14 PLF (%)	FY13 PLF (%)
Chennai I	646	617	96	92
Chennai II	668	315[1]	99	99
Chennai III	526[2]	NA	92	NA
Total	**1,840**	**932**		

1 Commissioned on 10 October 2012.
2 Commissioned on 5 June 2013.

Construction worker at Chennai IV site





Gross profit

Gross profit ('GP'), excluding depreciation in FY14 was £39.29m (£22.94m in FY13). The impetus to GP growth came mainly from the benefit of the full-year operation of the Chennai II 77 MW plant (173 days in FY13) and 300 days operation of the Chennai III 80 MW plant.

Cost of revenue excluding depreciation 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 FY13 for Chennai I (Chennai II burnt only imported coal).

The Coal Blend in FY14 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 FY14) having commenced only in May 2014.

	Average factory gate price (Rs/mt)			
Financial year	Indian coal	Indonesian coal	Blend % Indian:Indonesian	Weighted average cost (Rs/mt)
FY14	2,931	3,930	17:83	3,760
FY13	2,817	3,807	37:63	3,441
Change %	4%	3%		9%

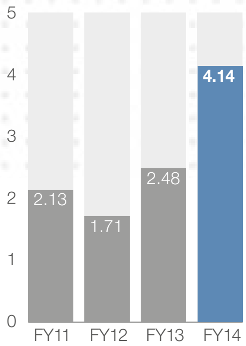
EBITDA

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 £30.97m in FY14 up from £17.74m in FY13 and EBITDA margin was maintained at the level of 31.3% as in 2013.

Financial review continued

Earnings per share (pence)



31.3%
EBITDA margin

£17.95m
PBT

Profit before tax (£m)	OPG PG	Non operating entities[1]	Total
Profit Before Tax (PBT) 2013–14	21.79	(3.84)	17.95
Profit Before Tax (PBT) 2012–13	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 and administrative expenses			(2.38)
Reduction in other income			(0.45)
Increase in depreciation			(1.35)
Increase/(decrease) in PBT			7.41

1 Includes:
a) OPGS 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 amortisation 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 FY13 to £14.56m in FY14.

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 capitalisation 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.

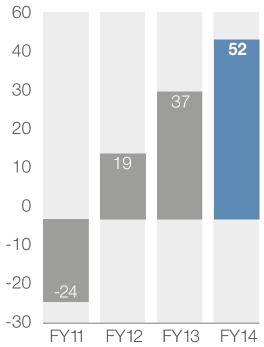
Trade receivables (£m)	FY14	FY13
Receivables from sales of power	20.59	32.24
Other receivables	0.41	2.57
Total	**21.00**	**34.81**

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 and 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;
- Increase in Investments and Other Assets by £18.42m on account of advances to suppliers for the projects in Chennai and Gujarat;
- Increase in Inventory holding by £6.75m due to three plants being in operation; and
- Increase in other assets by £2.8m.

Gearing (%)



£128m

Investment in completed and under-development projects in FY14

£3.32m

Debt prepayment in FY14

Borrowings

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

Year	Cash & cash equivalents (£m	Term loans prepaid (£m)	Cash & cash equivalents (without prepayment) (£m)	Exchange rate (INR/£)
FY2010–11	70.21	0.83	71.04	72.60
FY2011–12	37.87	2.91	40.78	82.90
FY2012–13	22.91	4.47	27.38	82.56
FY2013–14	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 (£m)	Exchange rate (INR/£)
FY2010–11	0.03	70.96
FY2011–12	0.17	76.69
FY2012–13	0.43	85.83
FY2013–14	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 an 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 £172m 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 1 April 2013	18.1	18.1
During the year	38.1	49.5
As at 31 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)

Sustainability report

The Board formally established a Health, Safety and Environment Committee in FY13 to develop, implement and oversee a health and safety culture in the Company and to assist the management in our drive towards achieving and maintaining industry-leading performance in these areas.

Investing in people

OPG Safety team

EHS Best Practice award

0.17

Total Recordable Incidence Rate

Health and safety

Providing our employees with the safest and healthiest work environment has been our constant endeavour. Our motto of SAFETY FIRST is inculcated in all our personnel and in all our operations and projects under development.

We ensure that our plant locations are compliant with all national health and safety regulations. Such safeguards are maintained either through management programmes or operational control procedures.

The Board formally established a Health, Safety and Environment Committee ('HSE Committee') in FY13 to develop, implement and oversee a health and safety culture in the Company and to assist the management in our drive towards achieving and maintaining industry-leading performance in these areas. Since then, we have made significant progress in our drive towards becoming a leader in health and safety. The HSE Committee reported a Total Recordable Incidence Rate ('TRIR') of 0.17 for the year under review, a substantial improvement over last year.

In May 2013, at Chennai we successfully obtained the OHSAS 18001 certificate. OHSAS 18001 is a standard used for occupational health and safety management systems, which enables an organisation to control its risks and improve its performance in this area. The standard provides a systematic approach to identifying hazards.

OPG believes that safety is everyone's responsibility. The management objective is to motivate the employees and associates to put safety first in the workplace and contribute towards making OPG a healthier and safer place to work. We conduct frequent training sessions, awareness programmes and annual health checkups for all our employees at all locations.

Environment

The Group strives to achieve continuous improvement in environmental performance and seeks to prevent, mitigate, reduce or offset the environmental impact of our activities. The Board continues to monitor the level of environmental performance to minimise any deviations.

In May 2013, at Chennai we successfully obtained the ISO 14001 certification. This specifies requirements for an environmental management system that enables an organisation to develop and implement policies and objectives with respect to the environment.


Tree plantation at Gujarat site

Green initiatives
Realtime display of all key environmental parameters is at the plant boundary at the Chennai site and will also be implemented at the Gujarat site upon operation.
The Company has implemented 100% prohibition of plastic and non-biodegradable substances in the power plant premises.
At both premises the Company has a fully covered coal shed to manage coal and dust dispersion in the surrounding areas.

We have been planting trees in and around our locations in an effort to provide a clean and green environment. At our Gujarat site we have undertaken mangrove plantation with the assistance and knowledge of the government authorities.

During the year under review, we started monthly water sprinkling programmes surrounding the Chennai plant and in other areas, for example roads and yards through water tankers to arrest any possible dust pollution.

Our people

Employee consultation
The Group places considerable value on keeping employees informed on matters affecting them and on the various factors affecting the performance of the Group. This is achieved through informal meetings and presentations on new developments both within the Company and the wider industry. The Group is committed to providing equal opportunities and opposes all forms of unfair or unlawful discrimination. Employees will not be discriminated against because of race, colour, nationality, ethnic origin, disability, sex or sexual orientation, marital status or age.

All employees are encouraged to raise genuine concerns about possible improprieties in the conduct of our business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged.

Training and development
Employing the right people and encouraging the continuous development of the skills of our employees is critical to developing a successful business. The company recruits graduate engineering trainees and provides them with a comprehensive six months on-site training programme. This will ensure that, in keeping with the growth of the Company's assets, adequate well trained and competent personnel are available for in-house operations and project development.

Sustainability report continued

Engaging with communities

Cattle feed distribution at Gujarat

OPG outreach clinic at Chennai

40

Average patients per day at our Chennai primary health care centre

Supply chain

The Group works with a team of leading industry suppliers and contractors in order to mitigate risk in the event of there being a product delay or a supplier failing. The Board recognises the particular risks posed to its supply chain by the prevailing global economic conditions and the potential impact should key suppliers fail. To mitigate these impacts, the Group monitors suppliers' business continuity issues, providing such practical support and advice as may be appropriate.

The Company's power generation plants are fuelled by coal sourced from India but also from imported coal from Indonesia. Availability of supplies is therefore less of an issue than prices, which can fluctuate in line with world market forces of supply and demand.

Community

The Group recognises the importance of engaging with the communities in which it operates. It encourages operating units to develop their own corporate social involvement plans in consultation with stakeholders in order to identify programmes with tangible and sustainable community benefits and to undertake programmes on a needs-based assessment.

OPG outreach

OPG Outreach, launched in July 2011 near our Kutch site, has now completed three successful years and has been expanded to the Chennai site as well during the last financial year.

The first free primary healthcare centre that we have built last year at Sitha Raja Kandigai (the nearest village to our Chennai site), is running successfully, handling 40 patients on an average per day. The centre is serving the medical requirements of the residents of five nearby villages.

The second healthcare centre is under development at the Periya Obulapuram village, also near the Chennai site. OPG is confident that both these centres and their associated facilities will provide much needed basic care and medical aid to the communities around the OPG power plant.

Other than the centres, regular specialised medical camps were also organised for diabetes, opthamological treatment etc.

In collaboration with Junior Red Cross (an NGO which imparts first aid training to students), we have organised a three day camp at Gummidipoondi for 500 students to develop their skills.

Rural infrastructure development

In continuation to our community development efforts, our Gujarat team has distributed cattle feed and provided assistance in building Gowshalas (cow shelters) and water storage tanks in nearby villages in the Kutch district, Gujarat.

On request of the people of Kayalar Medu village, Gummidipoondi, we have started constructing a prayer hall/church as a part of our community development initiative.


Blanket distribution at Gujarat

Educational aid

OPG believes that education is the foundation and building block for achieving national objectives for building a more inclusive, equitable and sustainable society. We have continued to provide educational assistance to children in our local communities. 925 school children belonging to the villages of Periya Obulapuram, Chinna Obulapuram, Kayalarmedu, SR Kandigai received full school supplies (uniforms, books, bags, etc.) for the entire year before the commencement of the school year. About 85 students from below the poverty line families are also granted annual school/college fees to ensure that lack of funds does not preclude their advancement.

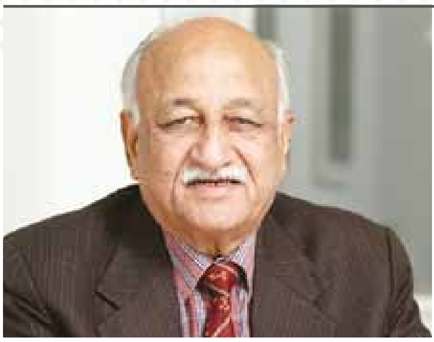
As part of OPG Outreach, a strong awareness programme has been developed to promote female child education. To support this, from this year forward, the Company has started a sponsorship programme in higher secondary education at a reputed private school. Under this scheme, three girls will be selected every year based on academic background and economic needs and their entire education will be funded by OPG Outreach.

925

Children were provided educational assistance

Board of Directors

Mr Munish Chandra Gupta Non-executive Chairman



Background and experience

Mr Munish Chandra Gupta is a retired senior civil servant of the Indian Administrative Service, the premier civil service of India. During his service Mr Gupta held a number of senior appointments, notably those of Secretary, Ministry of Industry, Government of India and Chief Secretary to the Government of Haryana State. As Secretary to the Ministry of Industry, Mr Gupta was one of the civil service officers responsible for initiating and implementing the process of economic reforms which began in the 1990s in India and which continue to this day. Mr Munish Gupta serves on the boards of a number of public companies in India including Bhansali Engineering Polymers Ltd. and Lumax Industries Ltd. as an independent director. Mr Munish Gupta is not related to either Mr Arvind Gupta or Mr Ravi Gupta.

Mr Arvind Gupta Managing Director and Chief Executive Officer

Background and experience

Mr Arvind Gupta gained experience in various divisions of the business including flour milling, steel production and logistics, becoming President of Kanishk Steel, listed on the Bombay Stock Exchange. Having identified the opportunities in power generation, Mr Gupta developed this division within Kanishk Steel with initial projects in wind power generation in 1994. He was the pioneer of the Group Captive Power Producer concept in Tamil Nadu State and developed the 18 MW gas-fired plant of OPG Energy, a Group entity, through to successful operation in 2004. Since then, Mr Gupta has been responsible for the construction and developments of the power plants of the OPG Group as well as its overall strategy, growth and direction.

Mr V Narayan Swami Finance Director

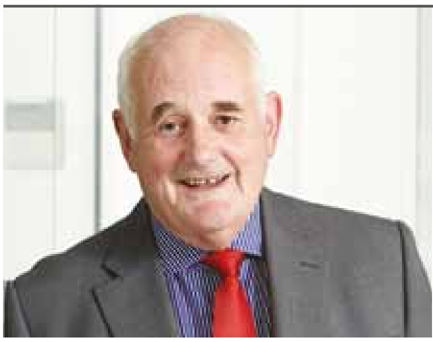
Background and experience

Mr V Narayan Swami has over 30 years' experience in finance and management. Mr Swami started his career with the State Bank of India before moving to Ashok Leyland Limited in 1976. For 12 years until 1993, he held a variety of positions within Standard Chartered Bank including as Senior Manager – Corporate Division for Southern India. Later Mr Swami joined Essar Global Ltd, Dubai, as Executive Director, subsequently becoming CFO of Essar Telecom Group where he played a key role in the entry and planned exit of Swisscom from the venture along with the simultaneous induction of Hutchinson Whampoa in the business. Mr Swami was Director and Group CFO of Best & Crompton Engineering Limited, listed on the Bombay Stock Exchange, before joining OPG in 2007 as Finance Director.

Mr Martin Gatto Senior Independent Non-executive Director

Background and experience
Mr Martin Gatto has considerable experience as a senior financial professional and has worked at a number of large UK quoted public companies. He is a graduate of Brunel University and is a Fellow of the Chartered Institute of Management Accountants. During his career, Mr Gatto gained international experience at Hilton International Company where he was responsible for business development and property. Later, as Chief Financial Officer of British Energy Plc, Midlands Electricity Plc and Somerfield Plc, he was responsible for the successful execution of turnaround strategies. He is also the Chairman of Medico – Dental Holdings Limited.

Mr P Michael Grasby Independent Non-executive Director



Background and experience
Mr P Michael Grasby is a Chartered Engineer and has been associated with the UK and international power industry for many years. He was manager of the Drax Power Station between 1991 and 1995 and director of operations for National Power, with responsibilities for over 16,000 MW of generating capacity, until 1998. Following the demerger of National Power in 1999, he joined International Power as senior vice-president for global operations and retired in 2002. Mr Grasby has experience of power company directorships in the Czech Republic, Portugal, Turkey and Pakistan. Mr Grasby was formerly a Non-executive Director of Drax Plc where he chaired the Health and Safety Committee and sat on the Audit, Remuneration and Nominations Committees; he retired from the Drax Board in April 2011. He was also formally a Director of Strategic Dimension Technical, a London based Executive Recruitment company.

Mr Ravi Gupta Non-executive Director

Background and experience
Mr Ravi Gupta is the brother of Mr Arvind Gupta and throughout his career has been involved with family businesses. He is one of the founders of Kanishk Steel and its Chairman. Mr Gupta has also been associated with the flour mill industry, setting up a new flour mill in 1988 in Tamil Nadu State, Salem Food Products Limited, where he is Managing Director.

Corporate governance report

Financial year ended 31 March 2014

Introduction

The Board is committed to good corporate governance practices. The Company was admitted to trading on AIM in May 2008. Accordingly, compliance with the governance framework contained in the UK Corporate Governance Code published by the Financial Reporting Council (the 'Code') is not mandatory. Nevertheless, the Company remains committed to high standards of corporate governance and endeavours to comply with the Code to the extent practicable for a public company of its size.

This report describes how the Company has applied, or how it intends to apply, the principles set out in the Code.

Compliance with the Code

Since admission to AIM, the Group has grown substantially against a background of difficult trading conditions within the electricity generation sector. As reported in the Strategic Report the year has seen a further step change in the Group's scale and profitability with all business units delivering a strong performance and, the Board anticipates further growth with two major projects soon to be completed. With the primary focus therefore being on delivering its current portfolio, the Board has adopted an approach to governance that is proportionate and commensurate with the current size and complexity of the Group. The Board notes the following areas of non-compliance with the Code with comments on each as appropriate:

1. Schedule of Matters Reserved (A.1.1)

At present, the Board reviews and adopts the Group's strategy, plan and key risks, policies and procedures. The Board will in due course adopt a schedule of matters specifically reserved to it for decision.

2. Division of Responsibilities (A.2.1)

As explained in greater detail below, there is a clear separation between the roles and responsibilities of the Chairman and Chief Executive Officer. The Code further requires that this be set out in writing and agreed by the Board and this is to be done in due course.

3. Non-executive Directors (A.4.2)

The Code requires the Non-executive Directors, led by the Senior Independent Director, to meet without the Chairman to appraise the Chairman's performance. The Board will consider the issue of evaluation, including evaluating the performance of the Chairman, in due course as the Board's principal focus in these early years since listing has been to deliver projects.

4. Nominations Committee (B.2.1)

The Board will at an appropriate time establish a Nominations Committee. It will meet as and when required, its primary function being to provide a formal and transparent procedure for the appointment of new Directors to the Board and to advise generally on issues relating to Board composition and balance. In appropriate cases, recruitment consultants may be used to assist in the process. As and when a Nominations Committee is appointed, compliance with those provisions of the Code relating to this committee will be considered further.

5. Evaluation (B.6)

As noted above, the Group continues to grow. The Board will, therefore, continue to evaluate the balance of skills, experience, independence and knowledge required to ensure that its composition is appropriate to the Group's size and complexity. At the appropriate time, the Board will give further consideration to the issue of evaluating its performance and that of its principal committees and the individual Directors.

Operation of the Board

Board of Directors

The Board comprises the following individuals:

Executive

1. Arvind Gupta (Managing Director and Chief Executive Officer); and
2. V Narayan Swami (Finance Director).

Non-executive

1. Munish C Gupta (Non-executive Chairman);
2. Martin Gatto (Senior Independent Director);
3. Michael Grasby; and
4. Ravi Gupta.

The Board considers that, as at the date of this report, it complies with Code provision B.1.2, which requires that, in the case of smaller companies, there should be a minimum of two independent Non-executive Directors. In addition to the Chairman, Michael Grasby and Martin Gatto are considered to be independent under the Code.

Biographical details of all the Directors at the date of this report are set out on pages 34 to 35 together with details of their membership, as appropriate, of the Board Committees. The Board is responsible for setting the Company's objectives and policies, and providing effective leadership and the controls required for a publicly listed company. Directors receive papers for their consideration in advance of each Board meeting, including reports on the Group's operations to ensure that they remain briefed on the latest developments and are able to make fully informed decisions. The Board met four times during the year under review. The Executive Committee supports the Board in implementing strategy and reports relevant matters to the Board for its consideration and approval. The Executive Committee ('ExCo') met ten times during the year.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Directors have the right to request that any concerns they have are recorded in the appropriate committee or Board minutes. Informal procedures are in place for Directors to take independent professional advice at the Company's expense although these are not currently set down in writing.

The Company maintains Directors' and officers' liability insurance and indemnity cover, the level of which is reviewed annually.

Chairman, Chief Executive Officer, and Senior Independent Director

The roles of the Chairman and Chief Executive Officer are held by different individuals and there is a clear separation of roles. The Chairman's key responsibilities are the effective running of the Board, ensuring that the Board plays a full and constructive part in the development and determination of the Group's strategy and overseeing the Board's decision-making process. The key responsibilities of the Chief Executive Officer are managing the Group's business, proposing and developing the Group's strategy and overall commercial objectives in consultation with the Board and, as leader of the executive team, implementing the decisions of the Board and its Committees.

Martin Gatto, the Senior Independent Director, is available to shareholders who have concerns that cannot be resolved through discussion with the Chief Executive Officer or Chairman.

Re-election of Directors
At every AGM, one-third of the Directors for the time being (excluding any Director appointed since the previous AGM) or, if their number is not three or a multiple of three, the number nearest to one-third, shall retire from office by rotation. On this basis, Munish Gupta and Ravi Gupta will offer themselves for re-election at the forthcoming AGM.

Information and professional development
Prior to the Company's admission to AIM in May 2008, all Directors received a briefing from the Company's nominated adviser of their duties, responsibilities and liabilities as a Director of an AIM company and receives updates from the nominated adviser in order to keep abreast of regulatory changes. Directors are encouraged to keep abreast of developments and attend training courses to assist them with their duties.

In addition to the formal meetings of the Board, the Chairman is available to the other Non-executive Directors to discuss any issues of concern they may have relating to the Group or as regards their area of responsibility and to keep them fully briefed on ongoing matters relating to the Group's operations.

The Chairman is responsible for ensuring that new Directors each receive a full, formal and tailored induction on joining the Board as required by provision B.4.1 of the UK Corporate Governance Code.

Board performance
As noted above, the Board will in due course consider the most appropriate methodology for evaluating its performance and that of its principal committees and the individual Directors.

Meetings of the Board and its Committees
The following table sets out the number of meetings of the Board and its Committees during the year under review and individual attendance by the relevant members at these meetings:

			Board Committee Meetings			
	Board Meetings		Audit		Remuneration	
	Number	Attended	Number	Attended	Number	Attended
Arvind Gupta	4	3	N/A	N/A	N/A	N/A
V Narayan Swami	4	4	N/A	N/A	N/A	N/A
Munish C Gupta	4	3	2	2	0	0
Martin Gatto	4	4	2	2	0	0
Michael Grasby	4	4	2	2	0	0
Ravi Gupta	4	3	2	2	0	0
Number of meetings held during the year	**4**		**2**		**0**	

Board Committees
Audit Committee
The members of the Audit Committee are Munish Gupta, Martin Gatto, Michael Grasby and Ravi Gupta. Martin Gatto is considered to have recent, relevant financial experience. The Chief Executive and Finance Director and a representative of the auditors are normally invited to attend meetings of the Committee.

The primary duty of the Audit Committee is to oversee the accounting and financial reporting process of the Group, the external audit arrangements, the internal accounting standards and practice, the independence of the external auditor, the integrity of the Group's external financial reports and the effectiveness of the Group's risk management and internal control system. The Audit Committee will meet regularly with the external auditor.

The Audit Committee considered the following matters during the year under review:
- The Annual Report and Accounts for the year ended 31 March 2013; and
- The unaudited results for the half-year to 30 September 2013.

Remuneration Committee
The Remuneration Committee currently consists of Munish Gupta, Martin Gatto, Michael Grasby and Ravi Gupta. Ravi Gupta is not present when any remuneration matter relating to the Chief Executive, Arvind Gupta (his brother), is discussed.

The primary duty of the Remuneration Committee is to determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors, such other members of the executive management team of the Group as is deemed appropriate. The remuneration of the Non-executive Directors is a matter for the executive members of the Board. No Director may be involved in any decisions as to his own remuneration.

Full details of the role and composition of the Remuneration Committee, the remuneration policy of the Company and its compliance with the Code Provisions relating to remuneration are set out in the Directors' Remuneration Report on pages 39 to 41.

Corporate governance report continued

Accountability and Audit

Risk management and internal control

The Board has overall responsibility for the Group's system of internal control, which includes risk management. The Board has delegated the responsibility for reviewing the effectiveness of its internal control systems to the Audit Committee. The Audit Committee will review these systems, policies and processes for tendering, authorisation of expenditure, fraud and the internal audit plan.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has instructed ExCo to be a leading part of its process to identify, evaluate and manage the significant risks the Group faces and which is in accordance with the current guidance on internal control. The Audit Committee will assist the Board in discharging its review responsibilities. A summary of the key risks facing the Group and mitigating actions is described on pages 24 to 25.

Assurance

Grant Thornton has been auditor for the Group for the last four years. The Committee considers that, at this early stage in the Group's development, it is more efficient to use a single audit firm to provide certain non-audit services for transactions and tax matters. However, to regulate the position, the Committee will at the appropriate time establish a policy on the provision of non-audit services by the external auditor. That policy will set out the external auditor's permitted and prohibited non-audit services and a fee threshold requiring prior approval by the Audit Committee for any new engagement.

Going concern

A statement on the Directors' position regarding the Company as going concern is contained in the Director's report on page 42.

Shareholder relations and the Annual General Meeting

The Board is committed to maintaining an ongoing dialogue with its shareholders. The Directors are keen to build a mutual understanding of objectives with its principal shareholders. To this end, the Chief Executive, Senior Independent Director and Finance Director together met with a number of institutional shareholders during the year. The Directors also encourage communications with private shareholders and encourages their participation in the Annual General Meeting.

The Chairman is primarily responsible for ensuring the effective communication of shareholders' views to the Board as a whole and updates the Board accordingly. Board members keep abreast of shareholder opinion and discuss strategy and governance issues with them as appropriate.

Notice of the Annual General Meeting will be sent to shareholders 21 days before the meeting. The voting results will be made available on the Company's website following the meeting.

The Company uses its corporate website (www.opgpower.com) to communicate with its institutional shareholders and private investors and posts the latest announcements, press releases and published financial information together with updates on current projects and other information about the Group.

Directors' remuneration report

Introduction

This report sets out information about the remuneration of the Directors of the Company for the year ended 31 March 2014. This report has been substantially prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the 'Regulations') in line with the relevant requirements of the Financial Conduct Authority's Listing Rules.

Remuneration Committee

The members of the Remuneration Committee are Munish Gupta (Chairman), Martin Gatto, Ravi Gupta and Michael Grasby who, with the exception of Ravi Gupta, are all independent Non-executive Directors.

Terms of reference have been approved for the Remuneration Committee and its primary duty is to determine and agree with the Board the framework or broad policy for the remuneration of the Executive Directors, senior managers and such other members of the executive management team of the Group as is deemed appropriate. The remuneration of the Non-executive Directors is a matter for the Chairman and the executive members of the Board.

The principal responsibilities of the Committee include:

- Assessing and setting compensation levels for Directors and senior managers;
- Reviewing the ongoing appropriateness and relevance of the remuneration policy to ensure that members of the executive team are provided with incentives that encourage enhanced performance;
- Reviewing the design of share incentive plans for the approval of the Board and shareholders;
- Ensuring that contractual terms on termination are such that failure is not rewarded and that the duty to mitigate losses is fully recognised in the drafting of Directors' service agreements and letters of appointment.

In fulfilling these duties, the Committee shall be cognisant of remuneration trends across the Group and within the sector in which the Group operates.

The Chief Executive Officer and external advisers may be invited to attend meetings of the Remuneration Committee but do not take part in the decision making.

Attendance at meetings of the Remuneration Committee by individual members is detailed in the Corporate Governance Report on page 37.

Advisers

During the year, the Board received externally commissioned advice in connection with the appropriateness of the current executive management incentive arrangements to meet the Group's objective of providing an incentive plan in the context of the Group's overall approach to rewards and incentives. The Board continues to consult its external advisers on an appropriate arrangement and a new arrangement is expected to be implemented shortly.

Remuneration policy

The Remuneration Committee seeks to maintain a remuneration policy to ensure that the Company is able to attract, retain and motivate its Executive Directors and senior management.

The retention of key management and the alignment of management incentives with the creation of shareholder value are key objectives of this policy.

The Group therefore sets out to provide competitive remuneration for all its management and employees appropriate to the business environment in the market in which it operates and in recognition of their contribution to Group performance. To achieve this, the remuneration package is based upon the following principles:

- total rewards should be set to provide a fair and attractive remuneration package;
- appropriate elements of the remuneration package should be designed to reinforce the link between performance and contribution to the Group's success and reward; and
- Executive Directors' incentives should be aligned with the interests of shareholders.

The remuneration strategy is designed to be in line with the Group's fundamental values of fairness, competitiveness and equity and also to support the Group's corporate strategy. The Group seeks to increasingly align the interests of shareholders with those of Directors and senior employees by giving the latter opportunities and encouragement to build up a shareholding interest in the Company. In that regard, a new updated remuneration arrangement is expected to be adopted shortly.

Long-term incentives

The Remuneration Committee believes that it is appropriate to operate share incentive schemes to encourage Executive Directors and senior employees to meet the Group's long-term strategic and financial objectives set by the Board.

Stock option plan

Under the stock option plan approved by the Board on 16 July 2009, Arvind Gupta and Martin Gatto were granted awards (see table on page 40). Options granted must be exercised within 10 years of the date of grant and vesting depends on achievement of the following performance conditions:

1. The power plant at Kutch in the state of Gujarat must have been in commercial operation for three months; and
2. The closing share price must be at least £1 for three consecutive business days.

Annual bonus

No bonuses were paid during the year.

Directors' remuneration report continued

Service agreements, notice periods and termination payments

The Service agreements for the Executive Directors are for no fixed term and may in normal circumstances be terminated on the notice periods set out in the table below. The Company reserves the right and discretion to pay the Executive Directors in lieu of notice. If the Company terminates the employment of an Executive Director by exercising its right to pay in lieu of notice, the Company is required to make a payment equal to the aggregate of basic salary and the cost to the Company of providing other contractual benefits for the unexpired portion of the duration of any entitlement to notice.

The key terms of the Executive Directors' service agreements are as follows:

Name	Position	Date of contract	Notice period	Current salary (p.a.) £
Arvind Gupta	Managing Director and Chief Executive Officer	23 May 2008	12 months' prior written notice on either side	258,108
V Narayan Swami	Finance Director	23 May 2008	Three months' prior written notice on either side	52,143

Benefits-in-kind

Under their service agreements, Mr Arvind Gupta and Mr V Narayan Swami are entitled to medical, travel, insurance, accommodation and other allowances.

Chairman and Non-executive Directors

The remuneration of the Chairman of the Company and the Non-executive Directors consists of fees that are paid quarterly in arrears. The Chairman does not currently participate in any long-term incentive or annual bonus schemes, nor does any pension entitlement accrue. Neither the Chairman nor any of the Non-executive Directors has a contract of employment with the Company. Each has instead entered into a contract for services with the Company.

Non-executive Directors' contracts for services

Munish Gupta, Martin Gatto, Michael Grasby and Ravi Gupta have each signed a contract for services with the Company. They were each appointed for an initial period of 12 months and, under the terms of their contracts for services, their appointments were renewable for a further period by mutual agreement, subject to re-election, when appropriate, by the Company in general meeting. A formal process for evaluating the performance of the Board, its Committees and the individual Directors will be introduced in due course.

The key terms of the Non-executive Directors' letters of appointment are as follows:

Director	Date of appointment	Notice period	Fees p.a. £
Munish Gupta	6 May 2008	12 months' prior written notice on either side	35,000
Martin Gatto	6 May 2008	Three months' prior written notice on either side	35,000
Michael Grasby	6 May 2008	Three months' prior written notice on either side	35,000
Ravi Gupta	12 May 2008	12 months' prior written notice on either side	35,000

External appointments

It is the Board's policy to allow the Executive Directors to accept directorships of other companies provided that they have obtained the consent of the Board. Any such directorships must be formally notified to the Board.

Directors' interests in ordinary shares

The interests of Directors in the ordinary share capital of the Company during the year were as follows:

	31 March 2014	31 March 2013
Arvind Gupta[1]	178,886,428	178,886,428
Michael Grasby	10,000	10,000
Martin Gatto	60,000	60,000
Munish Gupta	9,800	9,800
V Narayan Swami	10,300	10,300
Total	**178,976,528**	**178,976,528**

1 Arvind Gupta and related entities.

There were no changes to Directors' interests between 31 March 2014 and the date of this report.

No Director had any interest in any contract of significance with the Group during the year ended 31 March 2014 other than their service contracts.

Directors' remuneration for the period 1 April 2013 to 31 March 2014.

Salary, annual bonus and benefits

£	Salary/fees	Benefits-in-kind	Annual Bonus	Total 31 March 2014	Total 31 March 2013
Non-executive Chairman					
Munish Gupta	35,000	–	–	35,000	35,000
Executive Directors					
Arvind Gupta	258,108	–	–	258,108	279,613
V Narayan Swami	52,143	–	–	52,143	58,283
Non-executive Directors					
Martin Gatto	35,000	–	–	35,000	35,000
Michael Grasby	35,000	–	–	35,000	35,000
Ravi Gupta	35,000	–	–	35,000	35,000
Total	**450,251**	**–**	**–**	**450,251**	**477,896**

Note: No consideration was paid or received by third parties for making available the services of any Executive or Non-executive Director.

Directors' share options

Directors' share options – options outstanding

			Movements during the period					
	Option granted	Option price £	1 April 2013	Granted	Lapsed	Exercised	31 March 2014	Latest exercise date
Arvind Gupta	16 July 2009	£0.60	21,524,234	Nil	Nil	Nil	21,524,234	By 15 July 2019
Martin Gatto	16 July 2009	£0.60	1,000,000	Nil	Nil	Nil	1,000,000	By 15 July 2019

At 31 March 2014 the closing mid-market price of the Company's shares was 83.75p. During the year under review, the Company's closing mid-market share price ranged between a low of 50.25p and a high of 88.0p.

This report has been approved by the Board of Directors of the Company.

M C Gupta
Chairman, Remuneration Committee
20 May 2014

Directors' report

The Directors present their report, together with the audited financial statements of the Group, for the year ended 31 March 2014. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 33 which is incorporated into this report by reference together with the Corporate Governance Report on pages 36 to 38. These together contain certain forward looking statements and forecasts with respect to the financial condition, results, operations and business of OPG Power Ventures Plc which may involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this annual report to shareholders should be construed as a profit forecast.

Results and dividends

The audited financial statements for the year ended 31 March 2014 are set out on pages 46 to 73. The Group profit for the year after taxation was £14.56m (2013: £8.82m). The Board does not recommend the payment of a final dividend, considering the need to conserve cash for the continuing expansion of the business. No dividend was paid for the half year to 30 September 2013 (no dividend was paid for the year ended 31 March 2013).

Directors

Details of changes to the Board during the period and of the Directors offering themselves for re-election at the forthcoming Annual General Meeting ('AGM') are set out in the Corporate Governance Report on page 37.

Details of Directors' service agreements are set out in the Directors' Remuneration Report on page 40.

The interests of the Directors in the shares of the Company are shown in the Directors' Remuneration Report on page 40.

Biographies of all the Directors at the date of this report are set out on pages 34 to 35.

Related parties

Details of related party transactions are set out in note 21 to the financial statements.

Directors' liability insurance and indemnities

The Company maintains liability insurance for the Directors and Officers of all Group companies.

Indemnities are in force under which the Company has agreed to indemnify the Directors to the extent permitted by applicable law and the Company's Articles of Association in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries.

Neither the Group's liability insurance nor indemnities provides cover in the event that a Director or Officer is proved to have acted fraudulently or dishonestly.

Share capital

The issued share capital of the Company at 31 March 2014 was £294.39m comprising 351,504,795 ordinary shares of 83.75 pence each, of which there are no designated treasury shares.

The Directors will be seeking authority at the forthcoming Annual General Meeting to renew their authority to allot shares and also a further authority enabling the Company to purchase its own shares. Full details of these resolutions, together with explanatory notes, are contained in the Notice of Annual General Meeting.

Political donations

The Group has made no political donations during the year under review.

Going concern

As highlighted in note 19 to the financial statements, the Group meets its day to day working capital requirements through a bank facility which is renewed annually in June.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Strategic Report on pages 1 to 33. Further information on the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 26 to 29. In addition, note 26 to the financial statements details the Group's objectives, policies and processes for managing its capital and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

After making enquiries, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Substantial shareholdings

Details of substantial shareholdings are set out on the Company's website at www.opgpower.com.

The Company has been notified, in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, of the following interests (whether directly or indirectly held) in 3% or more of the Company's total voting rights at 31 March 2014:

	Percentage of voting rights and issued share capital	No of ordinary shares
Gita Investments Limited & related entities[1]	50.89%	178,886,428
M&G Investment Management Limited	12.50%	43,947,803
Audley Capital Management Ltd	5.59%	19,659,544
Legal & General Investment Management Limited	5.35%	18,800,358
FOUR Capital Partners Limited	4.94%	17,347,148
British Steel Pension Scheme	3.41%	12,000,000

1 Beneficial interest in these shareholdings vests with Arvind Gupta.

Annual General Meeting ('AGM')

The notice convening the meeting, together with details of the special business to be considered and explanatory notes for each resolution, will be contained in a separate document sent to shareholders. It is also available on the Company's website, www.opgpower.com, where a copy can be viewed and downloaded in a pdf format which may be printed or saved by following the link to the Investor Centre/Shareholder Circulars.

Registered agent

The registered agent of the Company at 31 March 2014 was IOMA Fund and Investment Management Limited who served throughout the year and has continued to date.

Financial instruments

Information on the Group's financial risk management objectives and policies and its exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk can be found on pages 69 to 70.

Auditor

Grant Thornton have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be proposed at the forthcoming AGM.

Disclosure of information to the auditor

As required by Section 418 of the Companies Act 2006, each director serving at the date of approval of the financial statements confirms that:

1. to the best of their knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
2. each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with the provisions of the Companies Act 2006.

This report was approved by the Board of Directors on 20 May 2014 and signed on its behalf by.

Philip Scales
Company Secretary
OPG Power Ventures Plc
Ioma House
Hope Street
Douglas
Isle of Man
IM1 1AP

20 May 2014

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Group and the Parent Company financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ('IFRS') as adopted for use in the European Union and have also elected to prepare financial statements for the Company in accordance with IFRS as adopted for use in the European Union. Company law requires the Directors to prepare such financial statements in accordance with IFRS and the Companies Act 2006.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's and Company's financial position, financial performance and cash flows. This requires the fair presentation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. Directors are also required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Group website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report

to the Members of OPG Power Ventures Plc

We have audited the accompanying group financial statements of OPG Power Ventures Plc for the year ended 31 March 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statements of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) (as adopted by the European Union).

This report is made solely to the Company's members, as a body, in accordance with Section 80C(2) of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the non-financial information in the Strategic Report and corporate governance statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements give a true and fair view, in accordance with International Financial Reporting Standards (IFRS) (as adopted by the European Union), of the state of the Group's affairs as at 31 March 2014 and of its profit for the year then ended.

Grant Thornton
Chartered Accountants
Third Floor
Exchange House
54/62 Athol Street
Douglas
Isle of Man
IM1 1JD

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014

(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

The financial statements were authorised for issue by the Board of Directors on 20 May 2014 and were signed on its behalf by:

Arvind Gupta
Chief Executive Officer

V Narayan Swami
Chief Financial Officer

Consolidated Statement of Financial Position

As at 31 March 2014

(All amounts in £, unless otherwise stated)

Particulars	Note	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

The financial statements were authorised for issue by the Board of Directors on 20 May 2014 and were signed on its behalf by:

Arvind Gupta
Chief Executive Officer

V Narayan Swami
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

(All amounts in £, unless otherwise stated)

Group	Issued capital (no. of shares)	Share capital	Share premium
Balance at 1 April 2013	351,504,795	51,671	124,316,524
Transfers during the year			
Employee share-based payment options			
Transactions with owners	351,504,795	51,671	124,316,524
Profit for the year from operating activities			
Currency translation differences			
Gains on sale/remeasurement of available-for-sale financial assets			
Total comprehensive income for the year	–	–	–
Balance at 31 March 2014	**351,504,795**	**51,671**	**124,316,524**
Balance at 1 April, 2012	351,504,795	51,671	124,316,524
Transfers during the year (refer note 23)			
Employee share-based payment options			
Transactions with owners	351,504,795	51,671	124,316,524
Profit for the year from operating activities			
Currency translation differences			
Gains on sale/remeasurement of available-for-sale financial assets			
Total comprehensive income for the year	–	–	–
Balance at 31 March 2013	351,504,795	51,671	124,316,524

Other reserves	Foreign currency translation reserve	Retained earnings	Total of parent equity	Non-controlling interest	Total equity
5,977,855	(7,104,661)	19,311,138	142,552,526	186,012	142,738,538
46	(1,834)	(845)	(2,633)	41,574	38,941
974,222			974,222		974,222
6,952,123	(7,106,495)	19,310,293	143,524,115	227,586	143,751,701
		14,545,956	14,545,956	18,218	14,564,174
	(21,677,794)		(21,677,794)	(20,056)	(21,697,850)
10,272			10,272	(31)	10,239
10,272	(21,677,794)	14,545,956	(7,121,565)	(1,869)	(7,123,435)
6,962,395	**(28,784,289)**	**33,856,249**	**136,402,550**	**225,717**	**136,628,266**
4,979,571	(8,235,982)	10,577,591	131,689,375	62,371	131,751,746
(391)	(30,892)	7,248	(24,034)	22,210	(1,825)
974,222			974,222		974,222
5,953,402	(8,266,874)	10,584,839	132,639,563	84,581	132,724,143
		8,726,299	8,726,299	98,113	8,824,412
	1,162,212		1,162,212	3,301	1,165,513
24,453			24,453	17	24,470
24,453	1,162,212	8,726,299	9,912,964	101,431	10,014,395
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 2014

(All amounts 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 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. 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2014
(All amounts in £, unless otherwise stated)

2. New and revised standards that are effective for annual periods beginning on or after 1 January 2013 continued

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

The 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.

The 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 31 March and use consistent accounting policies adopted by the Group.

All intra-group balances, income and expenses and any resulting unrealised gains arising from intra-group transactions are eliminated in full on consolidation.

Non-controlling 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. Summary of significant accounting policies continued

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 2014	% Voting right 2013	% Economic interest 2014	% Economic interest 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')[1]	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**	–

1 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 ('INR'). 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 recognised 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 31 March 2014: 99.42 (2013: 82.56) and the average rate for the year ended 31 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2014
(All amounts in £, unless otherwise stated)

3. Summary of significant accounting policies continued

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

3. Summary of significant accounting policies continued

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 and equipment such as employee cost, borrowing costs for long-term construction projects etc, if recognition criteria are met. Likewise, when a major inspection is performed, its costs are recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. 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 a 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 four 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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2014
(All amounts in £, unless otherwise stated)

3. Summary of significant accounting policies continued

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 recognised 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. Summary of significant accounting policies continued

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 judgement 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 judgement 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 judgements, estimates and assumptions made by the management and will seldom equal the estimated results.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2014

(All amounts in £, unless otherwise stated)

4. Significant accounting judgements, estimates and assumptions continued

The following are significant management judgements 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 judgement 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 judgement 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 remeasured 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).

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

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

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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2014
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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 utilise an exemption from income taxes for a period of any 10 consecutive years out of a total of 15 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 utilised.

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)**

10. Tax expense continued

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 that not that some portion or all of the deferred income tax assets will be realised. The ultimate realisation 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 realisable, 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 31 March 2014	**474,660**	**474,660**
As at 31 March 2013	–	–

Notes to the Consolidated Financial Statements continued

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(All amounts in £, unless otherwise stated)

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 capitalisation	–	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

Particulars	Land and buildings	Power stations	Other plant and equipment	Vehicles	Assets under construction	Total
As at 31 March 2014	12,084,801	104,161,884	359,523	442,068	162,573,007	279,621,283
As at 31 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

A. Current

	31 March 2014	31 March 2013
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 March 2013	274,181	–	274,181
Fair value of available-for-sale as on 31 March 2014	–	–	–
Current year charge on remeasurement through statement of comprehensive income	274,181	–	274,181

Particulars	OPGE	OPGRE	Total
Investment value – Available-for-sale as on 31 March 2012	1,381,762	–	1,381,762
Fair value of available-for-sale as on 31 March 2013	274,181	–	274,181
Charge on remeasurement 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.

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For the year ended 31 March 2014

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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 £13.13m 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 12 months amounting to £7,456,090 (previous year £4,705,601) and maturing after 12 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 authorised 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 remeasurement 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% of the Group's share capital. Once granted, the share must be exercised within 10 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 three consecutive 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 amortised 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

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(All amounts in £, unless otherwise stated)

19. Borrowings continued

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 one year but not more than five 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
OPGS 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 Amount (£)**	31 March 2013 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		
OPG Renewable Energy Private Limited	**–**	27,378
a) Purchase of coal	**149,391**	35,790
Gita Energy & Generation Private Limited		
a) Reimbursement of expenses	**46,006**	

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21. Related party transactions continued

Name of the party	31 March 2014 Amount (£)	31 March 2013 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[1]
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

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

23. Director's 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
M C 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 1 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.

24. Business combination within the Group without loss of control continued

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.

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26. Financial risk management objectives and policies continued

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 ongoing 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.

26. Financial risk management objectives and policies continued

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 – within 12 months	Non-current 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 – within 12 months	Non-current 1–5 years	Later than 5 years	Total
Borrowings	17,849,474	128,713,272	14,630,134	161,192,880
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.

Notes to the Consolidated Financial Statements continued

For the year ended 31 March 2014
(All amounts in £, unless otherwise stated)

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 and 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%.

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

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 unrealised 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.

Approved by the Board of Directors on 20 May 2014 and signed on its behalf by:

Arvind Gupta
Chief Executive Officer

V Narayan Swami
Chief Financial Officer

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Tavistock Communications
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EC2A 7AS

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Isle of Man
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Grant Thornton
Third Floor
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54/62 Athol Street
Douglas
Isle of Man
IM1 1JD

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Dougherty Quinn
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Isle of Man
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Capita Registrars (Isle of Man) Limited
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54-58 Athol Street
Douglas
Isle of Man
IM1 1JD

Definitions and Glossary

Act: Isle of Man Companies Act 2006
AGM: Annual General Meeting
Board: Board of Directors of OPG Power Ventures Plc
BHEL: Bharat Heavy Electricals Limited
BOP: Balance of Plant
bps: Basis points
CAGR: Compound Average Growth Rate
CEA: Central Electricity Authority
CIL: Coal India Limited and its subsidiaries
Company or OPG or parent: OPG Power Ventures Plc
EBITDA: Earnings before interest, tax, depreciation and amortisation
Electricity Act: Indian Electricity Act 2003 as amended
EPC: Engineering, Procurement and Construction
EPS: Earnings per share
FY: Financial Year commencing from 1 April to 31 March
GCP: Group Captive Plant
GDP: Gross Domestic Product
Government GOI: Government of India
Great Britain Pound Sterling or £/pence: Pounds or sterling/pence, the lawful currency of the UK
Group Captive: Group Captive Power plant as defined under Electricity Act 2003, India
Group or OPG: the Company and its subsidiaries
GW: Giga Watt is 1,000 Mega Watt
IAS: International Accounting Standards
IFRS: International Financial Reporting Standards
Indian Companies Act: the Companies Act, 1956 and amendments thereto
LOI: Letter of Intent
kWh: Kilowatt hour is one unit of electricity
LSE: London Stock Exchange plc
MoU: Memorandum of Understanding
MW: Mega Watt is 1,000 Kilo Watt
MWh: Mega Watt hour
O&M: Operating and Management
PLF: Plant Load Factor
PPA: Power Purchase Agreement
PSA: Power Supply agreement
ROE: Return on Equity
Rupees/INR or Rs: Indian Rupee, the lawful currency of India
SEB: State Electricity Board
SPV: Special Purpose Vehicle
State: State of India
TANGEDGO: Tamil Nadu Generation and Distribution Corporation Limited
The Code: the UK Corporate Governance code, issued by the Financial Reporting Council
UK/United Kingdom: United Kingdom of Great Britain and Northern Ireland
US$/USD or $: US Dollars, the lawful currency of the US

Notes

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