

Unaudited Condensed Consolidated Interim Financial Statements

Mytrah Energy Limited (formerly Caparo Energy Limited)

30 September 2011

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Interim Results for the six months ended 30 September 2011

Chairman's Report

Mytrah Energy Limited ("MEL" or "Mytrah"), (formerly Caparo Energy Limited), the India-based independent power producer ("IPP") today announces its consolidated results for the six month period ended 30 September 2011.

Financial and Operational Highlights:

Maiden revenue reported of USD 2.27 million (H1'10: USD nil) as our first commissioned projects became operational during the period.

Group's EBITDA* for the period amounted to USD 0.94 million (H1'10: loss of USD 0.44 million).

For the period ended September 2011, the Group achieved profitability for its wholly owned subsidiary Mytrah Energy (India) Limited ("MEIL"), (formerly Caparo Energy (India) Limited), posting a net profit after tax of USD 0.55 million (H1'10: loss of USD 0.44 million). At a consolidated level the Group recorded a loss from continuing operations of USD 0.70million (H1'10: loss of USD 0.44million).

67.2 MW of fully operational wind power capacity was delivered ahead of schedule and is performing in line with our expectations.

260 MW of orders were placed with Suzlon Energy Limited ("Suzlon") in August 2011, taking the total orders to 360 MW at the period end. The senior debt financing for the majority of this commitment has been secured, and as noted in the post period end highlights, we are in discussions with lenders for the remaining senior debt funding of USD 72.60 million needed to fund the purchase orders placed during the period.

Drawn down USD 33.05 million of Compulsory Convertible Debentures ("CCDs") and the first tranche of Compulsory Convertible Preference Shares ("CCPSs") worth USD 39.08 million. These were both drawn from the total mezzanine financing of US\$111.50 million announced earlier in the period.

The management team was strengthened during the period with new hires announced in August 2011

Post Period End Highlights:

Drawn down USD 39.37 million, being the remaining second tranche of the CCPSs.

Appointed two new Non-Executive Directors, Peter Neville and Russell Walls, who joined the Board in November 2011.

The Group has agreed in principle a further USD 20.15 million of mezzanine financing in the form of subscription to CCDs with expected draw down in January 2012.

The Group has secured new senior loan funding of USD 120.92 million which is fully underwritten by Infrastructure Development Finance Corporation Limited ("IDFC").

The Group is also in discussion with lenders to raise a further USD 72.60 million.

A further 143 MW of project sites are being planned with Suzlon and Gamesa Wind Turbines Private Limited ("Gamesa") as the suppliers. Once the purchase orders for these sites have been placed, and the financing obtained, the total purchase orders would grow to 500 MW, with a total of 11 projects, either commissioned or under construction.

The Group's strategy remains on track to achieving its goal of becoming a leading IPP in India, with 5 GW of wind power generating capacity targeted by 2017.

Ravi Kailas, Chairman and CEO said:

"I am very pleased to report our first set of interim results that include turnover generated from our initial projects. Mytrah is engaging in a rapid roll out of wind generation on a utility scale in India and as we have highlighted in this statement and previous updates to the market we have made significant progress over the last twelve months.

The Indian energy market remains robust, supporting the rationale for our accelerated development schedule. In this light by the end of December, the Group should have 500 MW of projects distributed over 11 sites that are either commissioned or are under construction. I look forward to the 2012 calendar year during which I believe Mytrah will achieve its target of becoming one of the largest renewable IPPs in India".

*EBITDA is calculated by taking the consolidated loss on continuing operations of USD 0.70 million (H1'10: loss of USD 0.44 million) and adding back tax, depreciation and finance costs amounting to USD 0.28 million (H1'10: USD nil), 0.62 million (H1'10: USD nil) and 0.74 million (H1'10: USD nil) respectively

For further information please visit www.mytrah.com or call:

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Chairman and CEO Statement:

I am very pleased to announce Mytrah's interim results for the six months ended 30 September 2011.

India Economy and Energy Market

Despite the challenging global economic environment, rising inflation and slowing demand, the World Bank still expects the India economy to grow by 8% in 2011-2012. A significant potential inhibitor to GDP growth in India continues to be the shortage of power supply. With a population of approximately 1.1 billion as at March 2011, India had energy generating capacity of only 175 GW compared to China's population of approximately 1.3 billion and energy generating capacity of 860 GW. Progress in increasing installed capacity to the government's target of 342 GW by March 2017 has been slow and the country's demand for energy remains unabated.

As I have previously highlighted, India is currently the world's fifth largest wind energy producer with 13 GW of installed capacity. As this market continues to mature I believe that we will continue to see regulatory incentives move away from tax based incentives towards IPP production. Along with the introduction of the Generation Based Incentive for which revenue has been accrued during the current period, we have recently seen the introduction of the Renewable Energy Certificate ("REC"), which the Group is currently in the process of registering for. Recent trading of the REC has been towards its upper band at approximately Rs 3.00/Unit (~USD 0.06/Unit), and there has also been a significant increase in the volumes traded. I believe that the REC market may provide significant returns for the Group in the future as the demand supply gap for RECs is expected to remain for the foreseeable future.

I believe that as the Indian wind market grows Mytrah is well placed to become one of India's largest renewable IPPs. I remain confident that our strategy of being a first mover to secure a leading position in our market is a compelling one and has the potential for generating significant shareholder value.

Operational and Development Review

In order to achieve our strategy, the Board set an ambitious target of 5 GW of installed capacity by 2017. To meet this target, we have entered into strong partnerships with two of the world's leading wind turbine manufacturers, Suzlon and Gamesa. The Board believes these agreements will enable the Group to install capacity on a utility scale at a competitive cost with low lead times to construction and minimal execution and development risk.

During the period our first two projects totalling 67.2 MW were installed ahead of schedule and I am pleased to report that these two projects are performing in line with our expectations. These initial projects delivered our maiden revenue of USD 2.27 million for the period. Our Indian subsidiary, MEIL is now profitable posting a profit in the period of USD 0.55 million (H1'10: loss of USD 0.44 million).

During the period we placed a further 260 MW of orders with Suzlon taking the total portfolio of assets commissioned or under construction to 360 MW by September 2011. The senior debt financing for the majority of this commitment has been secured, and we are in discussions with lenders for the remaining senior debt funding of USD 72.60 million. In addition we have recently announced that we are planning to place purchase orders for a further 143 MW capacity, once financing has been obtained, comprising 63 MW to be placed with Suzlon and 79.9 MW to be placed with Gamesa. Once placed and combined with our previous orders the Group's total sites will have grown to 500 MW, with 11 projects either commissioned or under construction.

Significant progress has been made with regard to the financing of our development pipeline. During the period we announced two tranches of mezzanine financing in the form of CCDs and CCPs totalling USD 111.50 million and I believe that this will result in enhanced equity returns for investors. The Group expects to repurchase/buy-back both the CCDs and CCPs from internal cash flows and/or the issue of senior debt instruments, bonds or other debt refinancing, within three to five years so that there is no equity dilution for Mytrah's existing shareholders. I believe that securing this financing was a significant step forward for the business and that it is the first time that an IPP in the wind sector in India has been able to arrange this type of financing.

In addition we recently announced a further tranche of mezzanine financing which will be provided by the issue of CCDs for USD 20.15 million. Together with the previous tranches of similar financing, this latest tranche will take the Group's total mezzanine funding to USD 131.65 million.

Equally important as our access to the equity and mezzanine market has been our ability to secure senior debt financing. We have recently announced that the Group has secured senior loan funding totalling USD 120.92 million. The Group is in discussions with lenders for a further USD 72.60 million of senior debt financing.

I believe that Mytrah's continued access to financing will enable the Group to maintain its rapid growth and demonstrates the Group's business strength in India.

Financial Results

The Group posted its maiden revenue of USD 2.27 million (H1'10: USD nil) as our first commissioned projects became operational during the period, and I am pleased to say that these assets have performed in line with our expectations.

I am pleased to report that for the period ended 30 September 2011 the Group achieved profitability at EBITDA level at USD 0.94 million (H1'10: loss of USD 0.44 million). EBITDA is calculated by taking the consolidated loss on continuing operations of USD 0.70 million (H1'10: loss of USD 0.44 million) and adding back, depreciation and finance costs amounting to USD 0.28 million (H1'10: USD nil), 0.62 million (H1'10: USD nil) and 0.74 million (H1'10: USD nil) respectively.

At a consolidated level the Group recorded a loss from continuing operations of USD 0.70 million (H1'10: loss of USD 0.44million) which was in line with our expectations and is largely due to revenues being generated part way into the period.

Due to the 10.54% fall in the exchange rate between the Indian Rupee and US dollar, there is an exchange loss on translating foreign operations of USD 9.08 million (H1'10: USD 0.01 million) included within a total other comprehensive loss of USD 8.96 million (H1'10: USD 0.01 million), this is a translation reserve and has no cash impact.

The cash used in operations during the period was USD 1.63 million (H1'10: USD 0.05 million). At 30 September 2011 the Group had cash and bank balances of USD 1.47 million (FY11: USD 16.86 million). The Group also had USD 24.45 million (FY11: USD nil) invested in mutual fund units and bonds. The Group has made progress in developing wind farm assets, and at the period end had wind farms assets commissioned totalling USD 69.07 million (FY'11: nil) and wind farms assets under the course of construction of USD 4.47 million (FY'11: nil). Further, the Group had made advance payments of USD 89.77 million (FY11: USD 29.92 million) towards the development of further wind farm assets.

Summary

The Group has continued to meet its milestones and maintain its high rate of expansion. We are fully committed to our strategy of building one of India's leading IPP by achieving 5 GW of wind power generation by 2017, the Group expects to continue to grow through deploying cash revenues from operations as they come on stream and seeking further financing opportunities to utilise our strong pipeline of projects and expand our wind generating capacity. Given the demand in India for energy, along with specific incentives to encourage the supply of renewable energy, and the fragmented nature of the existing wind energy market, your Board believes the Group is well placed to achieve its ambitious targets and generate additional value for shareholders.

Ravi Kailas
Chairman and CEO

Independent review report to Mytrah Energy Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 21. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in Note 1, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.

Deloitte LLP
Chartered Accountants
London, UK
21 December 2011

**Unaudited Condensed consolidated statement of comprehensive income
for the six months ended 30 September 2011**

	Notes	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD
Continuing operations			
Revenue	2	2,265,607	-
Administrative expenses		(2,812,670)	(442,145)
Operating loss		(547,063)	(442,145)
Investment income	3	616,890	1,072
Other gains	4	254,250	-
Finance costs	5	(744,243)	-
Loss before tax		(420,166)	(441,073)
Taxation	16	(281,053)	-
Loss from continuing operations attributable to the equity holders of the Company		(701,219)	(441,073)
Other comprehensive loss			
Exchange differences on translating foreign operations		(9,078,337)	(13,919)
Net gain arising on revaluation of available-for-sale financial assets during the period		115,122	-
Other comprehensive loss		(8,963,215)	(13,919)
Total comprehensive loss attributable to the equity holders of the Company		(9,664,434)	(454,992)
Basic and diluted loss per share	19	(0.0042)	(0.0027)

**Unaudited Condensed consolidated statement of financial position
as at 30 September 2011**

	Notes	As at 30 September 2011 USD	As at 31 March 2011 USD
Non-current assets			
Property, plant and equipment	6	73,936,832	28,283,068
Other non-current assets	7	1,866,923	1,645,436
Held to maturity financial asset		1,128,652	-
Deferred tax assets	16	276,133	-
Total non-current assets		77,208,540	29,928,504
Current assets			
Trade receivables		771,420	-
Advances and other current assets	8	91,832,545	31,010,598
Investment in mutual fund units and bonds – available for sale	4	24,445,576	-
Cash and bank balances	9	1,468,598	16,861,883
Total current assets		118,518,139	47,872,481
Total assets		195,726,679	77,800,985
Liabilities			
Non-current liabilities			
Borrowings	14	75,079,310	-
Liability component of CCPSSs	12	5,937,517	-
Derivative financial instruments	12,15	1,246,959	-
Retirement benefit obligation		50,497	-
Total non-current liabilities		82,314,283	-
Current liabilities			
Trade and other payables	13	22,123,619	7,115,519
Tax liabilities		427,207	340,961
Total current liabilities		22,550,826	7,456,480
Total liabilities		104,865,109	7,456,480
Net assets		90,861,570	70,344,505
Equity			
Share capital	10	72,858,278	72,858,278
Retained earnings		(2,451,684)	(1,750,465)
Other reserves		(9,546,179)	(763,308)
Equity attributable to owners of the Company		60,860,415	70,344,505
Non-controlling interests	11	30,001,155	-
Total equity		90,861,570	70,344,505

These financial statements of Mytrah Energy Limited were approved by the Board of Directors on 21 December 2011.
Signed on behalf of the Board of Directors

Ravi Shankar Kailas
Chairman & CEO

Vikram Kailas
Chief Financial Officer

Unaudited condensed interim consolidated statement of changes in equity for the six months ended 30 September 2011

	Invested capital USD	Share capital USD	Re-translation reserve USD	Equity settled employee benefits reserve USD	Available for sale asset reserve USD	Retained Earnings USD	Non-controlling interests USD	Total USD
Balance at 1 Apr 2010	233	-	(3,752)	-	-	(175,062)	-	(178,581)
Loss for the period	-	-	-	-	-	(441,073)	-	(441,073)
Other comprehensive loss for the period	-	-	(13,919)	-	-	-	-	(13,919)
Issue of shares to shareholders of Bindu Vayu (Mauritius) Limited	39,767	-	-	-	-	-	-	39,767
Share issue costs on IPO	-	(122,705)	-	-	-	-	-	(122,705)
Balance at 30 Sep 2010 / 1 Oct 2010	<u>40,000</u>	<u>(122,705)</u>	<u>(17,671)</u>	<u>-</u>	<u>-</u>	<u>(616,135)</u>	<u>-</u>	<u>(716,511)</u>
Loss for the period	-	-	-	-	-	(1,134,330)	-	(1,134,330)
Other comprehensive loss for the period	-	-	(915,409)	-	-	-	-	(915,409)
Transfer of shares to Mytrah Energy Limited	(40,000)	40,000	-	-	-	-	-	-
Issue of shares on IPO	-	79,241,910	-	-	-	-	-	79,241,910
Share issue costs on IPO	-	(6,300,927)	-	-	-	-	-	(6,300,927)
Equity settled share based payments	-	-	-	169,772	-	-	-	169,772
Balance as at 31 Mar 2011 / 1 Apr 2011	<u>-</u>	<u>72,858,278</u>	<u>(933,080)</u>	<u>169,772</u>	<u>-</u>	<u>(1,750,465)</u>	<u>-</u>	<u>70,344,505</u>
Loss for the period	-	-	-	-	-	(701,219)	-	(701,219)
Other comprehensive loss for the period	-	-	-	-	-	-	-	-
Foreign exchange	-	-	(9,078,337)	-	-	-	-	(9,078,337)
Net gain arising on revaluation of investments in mutual funds and bonds	-	-	-	-	115,122	-	-	115,122
Issue of CCPSs (Note 12)	-	-	-	-	-	-	31,117,487	31,117,487
Share issue costs on issue of CCPSs (Note 12)	-	-	-	-	-	-	(1,116,981)	(1,116,981)
Issue of equity shares of MEIL to IIF (Note 11)	-	-	-	-	-	-	649	649
Equity settled share based payments	-	-	-	180,344	-	-	-	180,344
Balance as at 30 Sep 2011	<u>-</u>	<u>72,858,278</u>	<u>(10,011,417)</u>	<u>350,116</u>	<u>115,122</u>	<u>(2,451,684)</u>	<u>30,001,155</u>	<u>90,861,570</u>

Unaudited condensed interim consolidated statement of cash flow
for the Six months ended 30 September 2011

	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD
Cash flows from operating activities		
Loss before tax	(420,166)	(441,073)
Adjustments:		
Equity settled employee benefits	180,344	-
Depreciation	614,743	5,899
Operating cash flows before working capital changes		
Movements in working capital:		
Increase in other current assets	(2,491,374)	(9,277)
Increase in trade and other payables	531,342	389,535
Taxes paid	(50,755)	-
Net cash used in operating activities	(1,635,867)	(54,916)
Purchase of property, plant and equipment	(36,845,605)	(1,809)
Investment in mutual funds	(109,390,081)	-
Redemption of mutual funds units	82,886,552	-
Investment in held to maturity investments	(1,234,862)	-
Investment income	714,769	-
Cash used in investing activities	(63,869,227)	(1,809)
Cash flows from financing activities		
Proceeds from the issue of shares in MEIL to IIF	649	-
Proceeds from the issue of shares to BVML	-	39,767
Proceeds from the issue of CCPSs	39,084,075	-
Issue costs for CCPSs	(1,564,067)	-
Proceeds from the issue of CCDs	33,050,276	-
Issue costs for CCDs	(388,848)	-
Capital advances	(68,298,041)	-
Loan received	49,854,436	-
Finance costs	(947,170)	-
Cash generated by finance activities	50,791,310	39,767
Net decrease in cash and cash equivalents	(14,713,784)	(16,958)
Cash and cash equivalents at beginning of the period	16,861,883	230,667
Net effect of foreign currency translation	(679,501)	(1,273)
Cash and cash equivalents at end of the period	1,468,598	212,436

Notes to financial statements for the Six months ended 30 September 2011

1. Notes to Financial Information

1.1 Background information

Mytrah Energy Limited (formerly Caparo Energy Limited) (“MEL” or the “Company”) is a non-cellular company liability limited by shares incorporated on 13 August 2010 under The Companies (Guernsey) Law, 2008. The address of the registered office is Anson Place, Mill Court, La Charroterie, St. Peter Port, and Guernsey, GY1 1EJ.

Mytrah Energy Limited has the following subsidiary undertakings, (together the “Group”), all of which are directly or indirectly held by the Company, for which consolidated financial statements are being prepared, as set out below:

Subsidiary	Country of incorporation or residence	Proportion of ownership interest (per cent.)	Proportion of voting power (per cent.)	Activity
Bindu Vayu (Mauritius) Limited (“BVML”) ¹	Mauritius	100	100	Holding company
Mytrah Energy (India) Limited (“MEIL”) ²	India	99.99	99.99	Operating company
Bindu Vayu Urja Private Limited (“BVUPL”) ³	India	99.99	99.99	Operating company

(1) Formerly known as Caparo Energy Investments (Mauritius) Limited (“CEILM”).

(2) Non controlling interests:

A) Under Indian law a public company must have at least seven members. Sixty shares are held by the following shareholders: Ravi Kailas, Angad Paul, Vikram Kailas, Sree Ramulu Kailas, Uma Thondepu and Vasudevi Kailas.

B) As part of the agreement to issue compulsory convertible preference shares (“CCPS”), the India Infrastructure fund (“IIF”) were issued with 100 ordinary shares in MEIL.

(3) Incorporated in January 2011 and acquired by MEIL on 4 October 2011. The effective interest is as noted above as this is a wholly owned subsidiary of MEIL.

The principal activity of the Group is to operate wind energy farms as a leading independent power producer, and to engage in the sale of energy to the Indian market through the Company’s Indian subsidiaries, MEIL and BVUPL.

1.2 Adoption of new and revised standards and interpretations

In the current period, the following new and revised standards and interpretations have been adopted by the Group, none of which had a material impact on the current period or prior period reported results or financial position:

Standard Or Interpretation		Effective For Reporting Periods Starting On Or After
IFRS 2	Amendment to group cash-settled share-based payment transactions	Beginning on or after 1 Jan 2010
IFRS 3	Revised IFRS 3 Business combinations	Beginning on or after 1 July 2009
IAS 27	Amendment to IAS 27 Consolidated and Separate Financial Statements	Beginning on or after 1 July 2009
IFRS 7	Financial Instruments disclosure-Amendments resulting from May 2010 annual improvements to IFRS	Annual periods beginning on or after 1 January 2011
IAS 24	Related Party Disclosures – Revised Definition Of Related Parties	Annual periods beginning on or after 1 January 2011
IAS 34	Interim Financial Reporting- Amendments resulting from May 2010 annual improvements to IFRSs	Annual periods beginning on or after 1 January 2011
IFRIC 12	Service concession arrangements	Beginning on or after 1 January 2010 – (as endorsed by the EU in Nov 2009)

**Notes to financial statements
for the Six months ended 30 September 2011 (continued)**

1.2 Adoption of new and revised standards and interpretations (continued)

At the date of authorisation of the financial statements, the following standards and interpretations, have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been endorsed by the EU).

Standard Or Interpretation		Effective For Reporting Periods Starting On Or After
IFRS 9	Financial Instruments	Annual periods beginning on or after 1 January 2013
IFRS 7	Financial Instruments: Disclosures Amendments enhancing disclosures about transfers of financial assets	Annual periods beginning on or after 1 July 2011
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after 1 January 2013
IFRS 11	Joint Arrangements	Annual periods beginning on or after 1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	Annual periods beginning on or after 1 January 2013
IFRS 13	Fair Value Measurement	Annual periods beginning on or after 1 January 2013
IAS 1	Presentation of Financial Statements Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2012
IAS 1	Presentation of Financial Statements Amendments to revise the way other comprehensive income is presented	Annual periods beginning on or after 1 January 2012
IAS 12	Income Taxes Limited scope amendment (recovery of underlying assets)	Annual periods beginning on or after 1 January 2012
IAS 19	Employee Benefits— Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	Annual periods beginning on or after 1 January 2013
IAS 27	Consolidated and Separate Financial Statements Amendments resulting from May 2010 Annual Improvements to IFRSs	Annual periods beginning on or after 1 July 2010
IAS 27	Consolidated and Separate Financial Statements — Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	Annual periods beginning on or after 1 January 2013
IAS 28	Investments in Associates — Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011)	Annual periods beginning on or after 1 January 2013
IAS 34	Interim Financial Reporting- Amendments resulting from May 2010 annual improvements to IFRSs	Annual periods beginning on or after 1 January 2011

Based on the Group's current business model and accounting policies, management does not expect that the adoption of these standards or interpretations will have a material impact on the financial statements of the Group. The Group does not intend to apply any of these pronouncements early.

Notes to financial statements for the Six months ended 30 September 2011 (continued)

1.3 Significant accounting policies

Basis of preparation

The condensed consolidated financial statements of the Group have been presented for the six months ended 30 September 2011 in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with International Financial Reporting Standards ('IFRS's) as adopted by the European Union. The condensed consolidated financial statements have been reviewed, not audited and were approved for issue by the Board on 21 December 2011. The financial information contained in this report does not constitute statutory accounts as defined by sections 243-245 of the Companies (Guernsey) Law 2008. A copy of the Group's audited statutory accounts for the year ended 31 March 2011 can be obtained from the Company's website or writing to the Company Secretary. The independent auditor's report on those accounts was unqualified did not include a reference to any matters which the auditors drew attention by way of emphasis without qualifying the report and did not contain a statement under 263 (3) of the Companies (Guernsey) Law 2008. The condensed consolidated financial statements have been prepared on the basis of accounting policies set out in the annual report for the year ended 31 March 2011, except for the new accounting policy described in Note 1.4.

The Group has made a number of capital commitments as described in Note 7. The capital commitments are in relation the supply of additional wind farm assets, the supply of which the Directors consider are aligned to the business plan. The Group's forecast which covers the period 12 months from the date of approval of these financial statements shows that there is a senior debt requirement of USD 47 million that remains to be obtained. The Directors are in discussions with a number of lenders and are confident the financing will be in place for when the commitments crystallise. The Directors are confident that if the financing was not finalised, they would be able to re-negotiate the terms the supply of the wind farm assets that have been committed to with the supplier. Further, if this was not possible, the Directors believe that the Group's maximum liability under the agreements is capped at a level within available resources.

Therefore, after making enquiries and assessing the Group's financial position, anticipated future performance, its available and planned bank facilities and capital expenditure plans, together with other risks facing the Group, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

1.4 Revenue Recognition

Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Sale of electricity

Revenue from the sale of electricity is recognised when earned on the basis of contractual arrangements and reflects the number of units supplied in accordance with joint meter readings undertaken on a monthly basis by representatives of the buyer and the Group at rates stated in the contract, net of any actual or expected trade discounts.

Generation-based incentives

Revenue from generation-based incentives are recognised based on the number of units supplied at INR 0.50 (~USD 0.01) per unit, when registration under the relevant programme has taken place and its eligibility criteria met under the Indian Renewable Energy Development Agency Limited ('IREDA') - Generation Based Incentive scheme.

1.5 Exchange rates used for translation

The USD: INR exchange rates used to translate the INR financial information into the presentation currency of USD were as follows:

	2011	2010
Closing rate at 30 September	49.62	44.89
Average rate for the period ended 30 September	45.35	46.20

The GBP: USD exchange rates used to translate the GBP financial information into the presentation currency of USD were as follows:

	2011	2010
Closing rate at 30 September	1.56	1.53
Average rate for the period ended 30 September	1.62	1.56

Notes to financial statements
for the Six months ended 30 September 2011 (continued)

2. Revenue

	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD
Sale of electricity	2,027,770	-
Generation based incentive	237,837	-
Total Revenue	<u>2,265,607</u>	<u>-</u>

3. Investment income

	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD
Loans and receivables (including cash and bank balances):		
Interest on deposits	616,890	1,072
Total investment income	<u>616,890</u>	<u>1,072</u>

4. Other gains

	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD
Available for sale financial assets		
Gain on disposal of available for sale investments	254,250	-
Total finance gains	<u>254,250</u>	<u>-</u>

Available for sale investments represent investments in mutual fund units and redeemable bonds. During the period disposals resulted in a gain of USD 254,250. The period end balance is USD 24,445,576. The redeemable bonds carry interest at 11.75% and redeemable at par value in 2014. Investments in mutual fund units represent investments in growth funds with an average return of 8.75%.

5. Finance cost

	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD
Financial liabilities	(2,438,878)	-
Less: Transferred to property, plant and equipment	1,694,635	-
Total finance cost	<u>(744,243)</u>	<u>-</u>

Notes to financial statements
for the Six months ended 30 September 2011 (continued)

6. Property, plant and equipment

	Furniture and fittings USD	Office equipment USD	Computers USD	Vehicles USD	Leasehold improve- ments USD	Wind farm assets USD	Wind farm assets under construction USD	Total USD
Opening cost as at 1 Apr 2010	4,165	10,884	19,111	-	-	-	-	34,160
Additions	-	-	1,809	-	-	-	-	1,809
Balance at 30 Sep 2010	4,165	10,884	20,920	-	-	-	-	35,969
Accumulated depreciation as at 1 Apr 2010	147	617	997	-	-	-	-	1,761
Depreciation expense	417	1,106	2,615	-	-	-	-	4,138
Balance as at 30 Sep 2010	564	1,723	3,612	-	-	-	-	5,899
Net book value as at 30 Sep 2010	3,601	9,161	17,308	-	-	-	-	30,070
Opening cost at 1 Oct 2010	4,165	10,884	20,920	-	-	-	-	35,969
Additions	-	6,057	7,991	59,688	51,335	-	28,142,189	28,267,260
Foreign exchange	(14)	(34)	(61)	-	-	-	-	(109)
Balance at 31 Mar 2011	4,151	16,907	28,850	59,688	51,335	-	28,142,189	28,303,120
Accumulated depreciation as at 1 Oct 2011	564	1,723	3,612	-	-	-	-	5,899
Depreciation expense	1,286	2,225	2,944	4,564	3,134	-	-	14,153
Balance as at 31 Mar 2011	1,850	3,948	6,556	4,564	3,134	-	-	20,052
Net book value as at 31 Mar 2011	2,301	12,959	22,294	55,124	48,201	-	28,142,189	28,283,068
Opening cost at 1 Apr 2011	4,151	16,907	28,850	59,688	51,335	-	28,142,189	28,303,120
Foreign exchange	(362)	(1,476)	(2,519)	(5,210)	(4,481)	-	(2,830,675)	(2,844,723)
Additions	759	13,057	84,057	202,557	-	-	48,758,171	49,058,601
Transfers	-	-	-	-	-	69,601,132	(69,601,132)	-
Balance at 30 Sep 2011	4,548	28,488	110,388	257,035	46,854	69,601,132	4,468,553	74,516,998
Accumulated depreciation as at 1 Apr 2011	1,850	3,948	6,556	4,564	3,134	-	-	20,052
Depreciation expense	373	2,701	11,527	9,908	9,009	581,225	-	614,743
Foreign exchange	(194)	(578)	(1,567)	(1,251)	(1,048)	(49,991)	-	(54,629)
Balance as at 30 Sep 2011	2,029	6,071	16,516	13,221	11,095	531,234	-	580,166
Net book value as at 30 Sep 2011	2,519	22,417	93,872	243,814	35,759	69,069,898	4,468,553	73,936,832

Notes to financial statements
for the Six months ended 30 September 2011 (continued)

7. Other non-current assets

	As at 30 September 2011 USD	As at 31 March 2011 USD
Deposits	187,424	205,350
Prepayments	1,679,499	1,440,086
Total other non-current assets	<u>1,866,923</u>	<u>1,645,436</u>

8. Advances and other current assets

	As at 30 September 2011 USD	As at 31 March 2011 USD
Capital advances	89,767,123	29,916,446
Other advances	1,706,492	854,725
Accrued income	217,382	-
Deposits	103,398	75,984
Accrued interest	38,150	163,443
Total advances and other current assets	<u>91,832,545</u>	<u>31,010,598</u>

Capital advances represent advance payments made to Suzlon Energy Limited for the construction of wind farm assets, as part of a long term construction service contract.

9. Cash and bank balances

	As at 30 September 2011 USD	As at 31 March 2011 USD
Cash in hand	692	126
Bank balances	560,953	1,311,491
Bank deposits	906,953	15,550,266
Total cash and bank balances	<u>1,468,598</u>	<u>16,861,883</u>

Bank deposits have a maturity period of less than 90 days.

10. Share capital

Issued and fully paid up share capital of the Company

	As at 30 September 2011 USD	As at 31 March 2011 USD
163,636,000 ordinary shares with a no par value	<u>72,858,278</u>	<u>72,858,278</u>

The issued share capital refers to ordinary share capital, which carries voting rights with entitlement to an equal share in dividends authorised by the Board and in the distribution of the surplus assets of the Company.

**Notes to financial statements
for the Six months ended 30 September 2011 (continued)**

11. Non-controlling interests

	As at 30 September 2011 USD	As at 31 March 2011 USD
Balance at beginning of year	-	-
Share of profit for the period	-	-
Non-controlling interest arising through issue of CCPSs by MEIL (Note 12)	30,000,506	-
Non-controlling interest arising through issue of 100 ordinary shares by MEIL to IIF (Note 12)	649	-
Total non-controlling interests	<u>30,001,155</u>	<u>-</u>

12. Compulsory Convertible Preference Shares

In July 2011 the Group issued 5,833,233 Series A compulsory convertible preference shares ("CCPS") at Rs.300 (~USD 6) each to India Infrastructure Fund ("IIF") under an Investment Agreement between the Group, IIF and Mr. Ravi Kailas. The following are the salient features of the CCPS:

- IIF are entitled to receive a preference dividend before any dividends are declared to the ordinary shareholders. These carry a step-up dividend, which is cumulative.
- The Company entered into an option agreement with IIF on the same date whereby the Company can call the CCPS (the "call option") or alternatively, IIF can put the CCPS (the "put option") in exchange for cash providing IIF a stated rate of return. The call option can be exercised at any time after four years three months and the put option can be exercised at any time after five years three months from the date of issue.
- The CCPS convert into equity shares of MEIL at a fixed price of Rs.300 (~USD 6) per share, for a fixed number of shares, at the end of six years if the call and put options are not exercised by either of the parties.
- As part of the investment agreement, IIF were issued with 100 ordinary shares in MEIL (see Note 11).

Consistent with IAS 32, *Financial Instruments: Presentation*, and IAS 39 *Financial Instruments: Measurement*, on initial recognition, the issue proceeds have been segregated in the financial statements.

The issue proceeds of USD 37,520,008 (net of issue costs of USD 1,564,067) were first attributed to the embedded derivatives, with the fair value of the options amounting to USD 1,386,950. As the instrument entitles the holder to a fixed number of shares the remaining value of the proceeds are bifurcated such that there is a liability component and an equity component. The liability component, being USD 6,132,552 was estimated by discounting the mandatory preference share dividend of six year cashflows using an interest rate from an equivalent instrument without a conversion feature, with the residual value of USD 30,000,506 representing equity. The effective interest rate on the financial liability is 5.6%.

The options are subsequently measured at fair value through profit and loss, and the financial liability is subsequently measured at amortised cost. The period end balance of the options was USD 1,242,351, (See condensed consolidated statement of financial position), for the liability component of the preference shares was USD 5,937,517, (see condensed consolidated statement of financial position) and for the equity component of the CCPSs was USD, 30,000,506 (see Note 11).

13. Trade and other payables

	As at 30 September 2011 USD	As at 31 March 2011 USD
Trade payables	21,910,365	7,061,540
Other payables	213,254	53,979
Total trade and other payables	<u>22,123,619</u>	<u>7,115,519</u>

**Notes to financial statements
for the Six months ended 30 September 2011 (continued)**

14. Borrowings

	As at 30 September 2011 USD	As at 31 March 2011 USD
CCD liability (Note 15)	30,513,441	-
Other borrowings	44,565,869	-
Total Borrowings	75,079,310	-

During the period MEIL has drawn down the term loan facility with Infrastructure Development Finance Company Limited ("IDFC") to finance the construction of wind farm assets. The carrying amount of the liability measured at amortised cost is USD 35,515,892. In compliance with the terms of the loan agreement MEIL has created a charge on all project movable, immovable properties, cash flows, receivables and revenues in favour of IDFC. The effective interest rate on the term loan is 12.98%. The loan is for a period of 14 years and will be maturing on 15 September 2024.

During the period MEIL has drawn down USD 9,049,977 in the form of Letter of Credit facility from Indusind Bank to finance the construction of wind farm assets. The financial liability is measured at amortised cost. The effective interest rate on this facility is 10.50%. The amount is repayable in February 2012.

15. Compulsory Convertible Debentures

In August 2011 the Group issued 5,000,000 compulsory convertible debentures ("CCDs") at Rs. 300 (~ USD 6) each to Infrastructure Development Finance Company Limited ("IDFC") including any of its affiliates (the "Investor") under an agreement between the Group and IDFC. The purpose of this is to fund the capital projects of the Group. The following are the significant terms in relation to the CCDs:

- the CCDs carry a fixed rate of interest payable quarterly in arrears on the principal amount of the CCDs outstanding;
- the CCDs, along with unpaid interest, if any, mandatorily convert into such number of equity shares of MEIL at the end of 48 months from the date of issue so as to provide the investor a stated rate of return;
- The CCDs will be secured by collateral support in the form of pledge of Bindu Urja Capital Inc (which Ravi Kailas controls) shareholding, certain non-disposal undertakings by the Company and an irrevocable and unconditional corporate guarantee by the Company to IDFC, the details of which are being finalised.

Further, the Group entered into an option agreement with IDFC on the same date whereby IDFC can put the CCDs (the "put option") or alternatively, the Group can call the CCDs (the "call option") in exchange for cash providing IDFC a stated rate of return. The call option can be exercised any time after 18 months from the date of issue whereas the put option can be exercised over a period beginning from 36 months to 48 months from the date of issue of CCDs.

Consistent with IAS 32, *Financial Instruments: Presentation*, and IAS 39 *Financial Instruments: Measurement*, on initial recognition, the issue proceeds have been segregated in the financial statements. The issue proceeds of USD 32,661,428 (net of issue costs of USD 388,848) were first attributed to the fair value of the options, amounting to USD 5,068 with the residual allocated to the financial liability amounting to USD 32,656,360, with the effective interest rate being 15.1%. The options are subsequently measured at fair value through profit and loss, and the financial liability is subsequently measured at amortised cost. The period end balance of the options was USD 4,608 (see condensed consolidated statement of financial position) and for the CCD financial liability was USD 30,513,441 (see Note 14).

Notes to financial statements
for the Six months ended 30 September 2011 (continued)

16. Tax

	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD			
Current Tax					
Current tax expense	177,203	-			
Deferred tax					
Deferred tax expense	103,850	-			
Income tax expense	<u>281,053</u>	<u>-</u>			
Income tax recognised directly in equity					
	As at 30 September 2011 USD	As at 31 March 2011 USD			
Deferred Tax					
Arising on transactions with owners:					
CCPS expenses deductible over five years	(405,968)	-			
Total income tax recognised directly in equity	<u>(405,968)</u>	<u>-</u>			
Tax Liabilities					
	As at 30 September 2011 USD	As at 31 March 2011 USD			
Current tax liabilities					
Income tax payable	427,207	340,961			
Total income tax payable	<u>427,207</u>	<u>340,961</u>			
Deferred Tax					
	As at 30 September 2011 USD	As at 31 March 2011 USD			
Deferred tax assets	994,490	-			
Deferred tax liabilities	(718,357)	-			
Total deferred tax asset	<u>276,133</u>	<u>-</u>			
Deferred tax movement					
	Opening balance USD	Recognised in profit or loss USD	Recognised directly in equity USD	Foreign Exchange USD	Closing balance USD
Property, plant & equipment	-	(785,995)	-	67,638	(718,357)
Provisions	-	16,192	-	(1,398)	14,794
Unclaimed share issue costs	-	-	405,968	(34,917)	371,051
MAT credit	-	177,211	-	(15,250)	161,961
	<u>-</u>	<u>(592,592)</u>	<u>405,968</u>	<u>16,073</u>	<u>(170,551)</u>
Tax losses	-	488,742	-	(42,058)	446,684
Net deferred tax	<u>-</u>	<u>(103,850)</u>	<u>405,968</u>	<u>(25,985)</u>	<u>276,133</u>

**Notes to financial statements
for the Six months ended 30 September 2011 (continued)**

16. Tax (continued)

The Company is exempt from Guernsey income tax under the Income Tax (Exempt bodies) (Guernsey) Ordinance, 1989 and is subject to an annual fee of USD 962.

The applicable tax rate is the standard effective corporate income tax rate in India. The Indian tax rate decreased from 33.99% to 33.22% with effect from 1 April 2010. Indian companies are subject to corporate income tax or Minimum Alternate Tax ("MAT"). If MAT is greater than corporate income tax then MAT is levied. The Company has recognised MAT of USD177,203 as MAT is greater than corporate income tax for the current period.

17. Commitments

Capital commitments

	As at 30 September 2011 USD	As at 31 March 2011 USD
Capital commitments	<u>222,567,988</u>	<u>82,879,765</u>

The capital expenditures authorised and contracted relate to the provision of wind farm assets, which have not been provided for in the accounts. This is net of advances paid of USD 89,767,123 (FY 11: USD 29,916,446) (see Note 8).

18. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The Directors of the Company who are also considered to be the key management personnel are:

- | | |
|---------------------------------|---|
| 1. Hon Angad Paul | - Chairman (until 18 Aug 2011) |
| 2. Mr. Ravi Kailas | - CEO and Managing Director and Chairman (from 18 Aug 2011) |
| 3. Mr. Vikram Kailas | - Chief Financial Officer |
| 4. Mr. Rohit Phansalkar | - Non-Executive Director |
| 5. Mr. Alastair Cade | - Executive Director |
| 6. Mr. Charles Edmund Wilkinson | - Non-Executive Director (retired 4 Nov 2011) |
| 7. Mr. Philip Swatman | - Non-Executive Director |
| 8. Mr. Peter Neville | - Non-Executive Director (from 4 Nov 2011) |
| 9. Mr. Russell Walls | - Non-Executive Director (from 4 Nov 2011) |

The entities where certain key management personnel have significant influence are:

- | | |
|---------------------------------------|------------------------|
| 1. Caparo Engineering (India) Limited | - Hon Angad Paul |
| 2. Zip Reality Private Limited | - Mr. Ravi Kailas |
| 3. Bindu Urja Holding Inc | - Mr. Ravi Kailas |
| 4. Bindu Urja Investments Inc | - Mr. Ravi Kailas |
| 5. Bindu Urja Capital Inc | - Mr. Ravi Kailas |
| 6. Esrano Overseas Limited | - Hon Angad Paul |
| 7. RKP Capital Inc | - Mr. Rohit Phansalkar |
| 8. Chakas Investments UK Limited | - Mr. Alastair Cade |
| 9. Sila Energy Inc | - Mr Ravi Kailas |

Notes to financial statements
for the Six months ended 30 September 2011 (continued)

18. Related party transactions (continued)

Related party transactions:

	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD
Advisory services fees to RKP Capital Inc.	60,795	-
Reimbursement of expenses to Chakas Investments UK Limited	24,340	-
	<u> </u>	<u> </u>

The following balances were outstanding at the end of the reporting period:

	As at 30 September 2011 USD	As at 31 March 2011 USD
Payable to Chakas Investments	-	13,486
Payable to Sila Energy	-	11,940
	<u> </u>	<u> </u>

Remuneration of key management personnel:

The remuneration of Directors, who are the key management personnel of the Group, is set out below for each of the categories specified in IAS 24 *Related Party Disclosures*.

	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD
Short term employee benefits	532,973	-
Share based payments	180,344	-
	<u> </u>	<u> </u>
Total remuneration of key management personnel	<u>713,317</u>	<u> </u>

As per the CCPS investment agreement (see Note 12), for a period of one year from the completion date or commissioning of a cumulative 400 MW capacity, whichever is later, Mr. Ravi Kailas without prior consent of IIF shall not sell or dispose, directly or indirectly his share holding in Mytrah Energy Limited.

The Directors do not consider that there were any other related party transactions other than those disclosed elsewhere in these financial statements.

**Notes to financial statements
for the Six months ended 30 September 2011 (continued)**

19. Earnings per share

Basic earnings per share is calculated by dividing loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Options to purchase ordinary shares that were not included in the computation of diluted earnings per share, because they are anti dilutive were 4,877,400 at 30 September 2011, and 4,877,400 at 31 March 2011.

The impact of the CCDs (see Note 15) and the CCPSs (see Note 12) in the period is anti-dilutive.

	Six months ended 30 September 2011 USD	Six months ended 30 September 2010 USD
Loss attributable to the equity holders of the Company	(701,219)	(441,073)
Weighted average number of ordinary shares outstanding during the period	<u>163,636,000</u>	<u>163,636,000</u>
Basic and diluted earnings per share	<u>(0.0042)</u>	<u>(0.0027)</u>

The financial statements combine the results, assets and liabilities of the Group businesses acquired by the Company under the reorganisation prior to IPO. To reflect this in the earnings per share calculation for the six month period ending 30 September 2010, the weighted average number of shares has been calculated on the basis that the number of shares outstanding in the comparative period was the number of shares outstanding after the completion of the IPO.

20. Segmental information

In view of its very specific activity (investing in wind farms in India) the Group only has one operating and reportable segment and only one geographical area. It is managed, operates and reports internally and externally as a single segment in both the current and prior period. The Group has substantially all of the Group's non-current assets located in India.

21. Events after the reporting period

- a) On 25 November 2011, MEIL entered into a Business Transfer Agreement with its wholly owned subsidiary Bindu Vayu Urja Private Limited ('BVUPL'), incorporated on 5 January 2011, to transfer all assets and liabilities relating to Phase II projects of 232.2 MW in wind farm capacity.
- b) On 30 November 2011, a term loan amounting to USD 120.92 million was sanctioned by IDFC to project finance the Phase II projects of 232.2 MW wind farm capacity to be developed by BVUPL.
- c) On 13 December 2011, MEIL agreed in principle a further USD 20.15 million of mezzanine financing in the form of subscription to CCDs with expected draw down in January 2012.
- d) During the period MEIL has drawn down on the second tranche of CCPS, amounting to USD 39.37 million.