



### AUDITOR'S REPORT

The Members,  
BAHUR POWER COMPANY PRIVATE LIMITED,  
Hyderabad.

We have audited the attached Balance Sheet of BAHUR POWER COMPANY PVT. LTD, Hyderabad, as at March 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

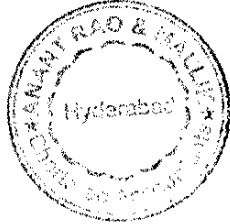
1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section(4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c. The Balance Sheet dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet dealt with by this report comply with the mandatory Accounting Standards referred in sub-section(3C) of section 211 of the Companies Act, 1956 ;
  - e. In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on March 31, 2010, from being appointed as directors in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956.;

- f. In our Opinion and to the best of our information and according to the explanations given to us, the said accounts read together with and subject to the Significant Accounting Policies and Notes to Accounts thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India;

In so far as it relates to Balance Sheet, of the state of affairs of the Company as on March 31, 2010;

for ANANT RAO & MALLIK  
Chartered Accountants

  
B.V.MALLIKARJUNA  
Partner



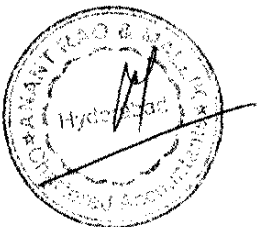
M.No.23350

Firm Regn. No.006266S

Date : 14.05.2010

**Annexure to Auditors' Report**  
**(Referred to in Paragraph 2 of our report of even date)**

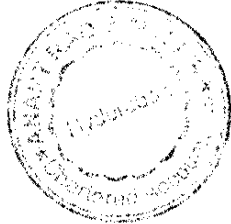
1. The company does not have any fixed assets and hence the matters relating to physical verification and disposal are not applicable. Expenditure pending allocation is classified under capital work in progress and shown under Fixed Assets.
2. As the company does not carry any inventories, the clauses in respect of inventories are not applicable.
3. The company has taken unsecured loan of Rs.7,540.87 lakhs from a fellow subsidiary company. In our opinion, and considering the nature of transactions and other terms and conditions of such loans, are not prima facie not prejudicial to the interests of the company.
4. As the company does not have any fixed assets, inventories and sale of goods, the matters relating to internal control procedures are not applicable.
5. The Company has not accepted any deposits from the public.
6. As the paid-up capital of the company was below Rs.50 lakhs as at the commencement of the financial year and the company has not made any sales, there is no requirement for the Company to have an Internal Audit System.
7. The Central Government has not prescribed maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956(Act I of 1956) for any of the products of the Company.
8. According to the information and explanations given to us, the schemes of PF & ESI are not applicable to the company.
9. According to the information and explanations given to us, there are no disputed dues of sales tax / income tax / customs / wealth tax / excise duty / cess.
10. As per the accounts referred to in this Report, the Company does not have any accumulated losses. The company has no profits as it has not started its operations.
11. As per the books of accounts of the company, the Company has not taken any loans from financial institutions or banks or debenture holders and hence the clause relating to defaults is not applicable.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, clause-4(xiii) of the Companies (Auditors' Report) Order, 2003, is not applicable to the Company.
14. The Company has not dealt in or traded in shares, securities, debentures and other investments.
15. The Company has not given guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loans during the year. There are no existing term loans.
17. The Company has not obtained any short term loans for its working capital requirements.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.



19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

for ANANT RAO & MALLIK  
Chartered Accountants

  
B.V.MALLIKARJUNA  
Partner



M.No.23350  
Firm Regn. No.006266S  
Date : 14.05.2010

**Bahur Power Company Private Limited**  
**Balance Sheet as at March 31, 2010**  
 (All amounts in Indian rupees, except share data and where otherwise stated)

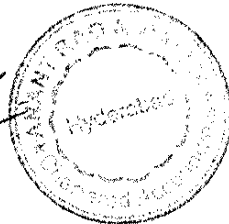
	Schedule	As at March 31,2010	As at March 31,2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	105,000	105,000
<b>Loan Funds</b>			
Unsecured loans	2	754,086,986	2,800,000
		<b>754,191,986</b>	<b>2,905,000</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Capital work-in progress (including capital advances)	3	6,760,693	2,849,790
		<b>6,760,693</b>	<b>2,849,790</b>
<b>Current assets, loans and advances</b>			
Cash and bank balances	4	69,857	64,077
Loans and advances	5	748,856,106	-
		<b>748,925,963</b>	<b>64,077</b>
<b>Less : Current liabilities and provisions</b>			
Current liabilities	6	550,075	8,867
Provisions		944,595	-
		<b>1,494,670</b>	<b>8,867</b>
<b>Net Current assets</b>		<b>747,431,293</b>	<b>55,210</b>
		<b>754,191,986</b>	<b>2,905,000</b>
<b>Statement on significant accounting policies and notes to accounts</b>	7		

The schedules referred to above form an integral part of the balance sheet  
 This is the Balance Sheet referred to in our report of even date.

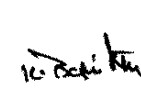
for Anant Rao & Mallik  
 Chartered Accountants

  
**B V Mallikarjuna**  
 Partner

Membership No.23350  
 Firm Registration Number: 006266S  
 Place : Hyderabad  
 Date : 14.05.2010



for and on behalf of the Board

  
**K Bapi Raju**  
 Director

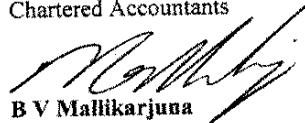
  
**Srinivas**  
 Director

**Bahur Power Company Private Limited**  
(All amounts in Indian rupees, except share data and where otherwise stated)  
**Cash Flow Statement for the year ended**

	March 31, 2010	March 31, 2009
<b>A Cash Flow from Operating Activities</b>		
Loans and advances	(744,788,472)	-
Current Liabilities	541,208	(7,981)
<b>Cash Generated from Operations</b>	<u>(744,247,264)</u>	<u>(7,981)</u>
Income tax paid	(451,959)	-
<b>Net Cash from Operating Activities</b>	<u><u>(744,699,223)</u></u>	<u><u>(7,981)</u></u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets (including Capital work in Progress and expenditure)	(617,846)	(9,172)
Interest received	451,959	-
<b>Net Cash from/(used in) Investing Activities</b>	<u><u>(165,887)</u></u>	<u><u>(14,123)</u></u>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Borrowings	747,200,000	-
Interest paid	(2,329,110)	(4,951)
<b>Net Cash from (used in) Financing Activities</b>	<u><u>744,870,890</u></u>	<u><u>-</u></u>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<u>5,780</u>	<u>(22,104)</u>
Cash and Cash Equivalent - Opening Balance	64,077	86,181
<b>Cash and Cash Equivalent - Closing Balance</b>	<u><u>69,857</u></u>	<u><u>64,077</u></u>
<b>Cash and cash equivalents at the end of the year:</b>		
Cash in hand	10,007	4,416
<b>Balances with scheduled banks:</b>		
in current accounts	59,850	59,661
	<u><u>69,857</u></u>	<u><u>64,077</u></u>

This is the Cash Flow Statement referred to in our Report of even date

for **Anant Rao & Mallik**  
Chartered Accountants

  
**B V Mallikarjuna**

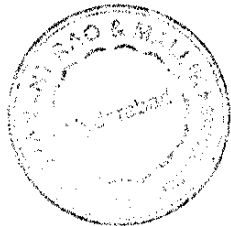
Partner

Membership No.23350

Firm Registration Number: 006266S

Place : Hyderabad

Date : 14.05.2010



for and on behalf of the Board

  
**K Bapi Raju**  
Director

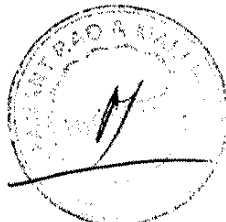
  
**Srinivas**  
Director

**Bahur Power Company Private Limited**

(All amounts in Indian rupees, except share data and where otherwise stated)

**Schedules to the Balance Sheet**

	As at March 31,2010	As at March 31,2009
<b>1 Share Capital</b>		
<b>Authorised :</b>		
100,000 (As at 31 March 2009: 100,000) Equity Shares of Rs. 10/- each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued, Subscribed and Paid-up :</b>		
<b>Equity shares</b>		
10,500 Equity Shares of Rs. 10 each fully paid-up (As at 31 March 2009: 10,500)	105,000	105,000
	<u>105,000</u>	<u>105,000</u>
<b>Note:</b>		
The above 10,500 (As at 31 March 2009: 10,500;) Equity Shares of Rs.10 each, fully paid up are held by the holding company, KSK Energy Ventures Limited.		
<b>2 Unsecured loans</b>		
<b>Short-term :</b>		
From others	754,086,986	2,800,000
	<u>754,086,986</u>	<u>2,800,000</u>
<b>3 Capital work in progress</b>		
<b>a.Expenditure pending allocation</b>		
Communication expenses	14,559	14,559
Travelling and conveyance	224,950	178,551
Repairs & maintenance	229	229
Professional and consultancy charges	3,054,651	2,503,151
Licenses, taxes & legal expenses	58,657	52,757
Office expenses	9,779	9,179
Printing and stationery	25,262	25,017
Bank charges	7,175	4,951
Processing charges	1,875,000	-
Interest charges	4,541,096	-
Interest on taxes	44	44
Preliminary expenses written off	34,880	34,880
Audit fees	35,638	24,660
Fringe benefit tax	1,812	1,812
Income tax	1,396,554	-
	<u>11,280,286</u>	<u>2,849,790</u>
<b>less</b>		
Interest received from others	(4,519,593)	-
	<u>6,760,693</u>	<u>2,849,790</u>



*V. Srinivas*

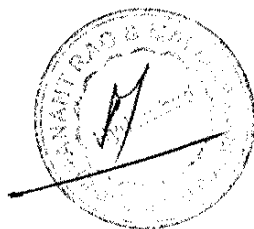
*Srinivas*

**Bahur Power Company Private Limited**

(All amounts in Indian rupees, except share data and where otherwise stated)

**Schedules to the Balance Sheet**

	As at March 31,2010	As at March 31,2009
<b>4 Cash and Bank Balances</b>		
Cash in hand	10,007	4,416
<b>Balances with Scheduled Banks :</b> in current accounts	<u>59,851</u>	<u>59,662</u>
	<u><b>69,857</b></u>	<u><b>64,077</b></u>
<b>5 Loans and Advances</b> <i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	203,000	-
Other Advances	744,585,472	-
Interest receivable	<u>4,067,634</u>	<u>-</u>
	<u><b>748,856,106</b></u>	<u><b>-</b></u>
<b>6 Current liabilities and provisions</b>		
<b>Current liabilities:</b>		
Sundry Creditors	39,712	8,867
Other liabilities	<u>510,363</u>	<u>-</u>
	<u><b>550,075</b></u>	<u><b>8,867</b></u>
<b>Provisions:</b>		
Provision for Income tax	<u>944,595</u>	<u>-</u>
	<u><b>944,595</b></u>	<u><b>-</b></u>



K. Raju Kumar

A handwritten signature in black ink, appearing to read "K. Raju Kumar".

## Schedules to the Balance Sheet (continued)

(All amounts in Indian Rupees, except where otherwise stated)

### Schedule 7: Notes to Accounts

#### A. Significant Accounting Policies

##### 1. Accounting Convention:

The financial statements of Bahur Power Company Private Limited (or "the Company") have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the basis of a going concern, with revenues recognized and expenses accounted on their accrual including provisions/adjustments for committed obligations and amounts determined as payable or receivable during the accounting period. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of Companies Act, 1956.

##### 2. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and reported amounts of income and expenditure for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

##### 3. Capital Work in Progress:

Capital work in progress is carried at cost and incidental and attributable expenses including interest and depreciation on fixed assets in use during construction are carried as part of "Expenditure During Construction Period, Pending Allocation" to be allocated on major assets on commissioning of the project.

In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital Work-in-progress.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date are disclosed under capital work-in-progress.

##### 4. Foreign Currency Transaction:

Foreign Currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.

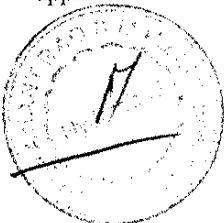
At the Balance Sheet, foreign currency monetary items are translated using the closing/contracted rate. Non monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction. The differences in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognized in the statement of profit and loss account.

Other Exchange differences are recognized as Income or Expense in the period in which they arise.

##### 5. Taxes on Income:

###### *Current tax*

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.



*K. Srinivas*

*Srinivas*

## Schedules to the Balance Sheet (continued)

(All amounts in Indian Rupees, except where otherwise stated)

### Schedule 7: Notes to accounts (continued)

#### 6. Provisions and contingencies:

The Company recognizes a provision when there is a present obligation as a result of past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation

#### B. Notes forming part of Accounts

##### 1. Employee benefit plans

The Company does not have any employees on its rolls. Hence it does not incur any employee related benefits/ costs

##### 2. Deferred tax

Deferred tax as per AS 22 "Accounting for Taxes on Income" prescribed by the Companies (Accounting Standards), Rules, 2006, is not applicable to the company since, the Company has not commenced any commercial activity.

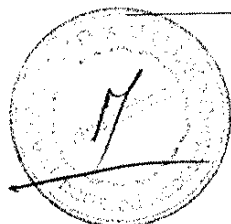
##### 3. Segment Reporting

Pursuant to the explanation in AS 17 on "Segment Reporting", prescribed by The Company's (Accounting Standards) Rules, 2006, no segment disclosure has been made in these financial statements, as the Company has only one geographical and business segment.

#### 2. Related Party Transactions:

##### A) Names of related Parties and description of the relationship:

S.No	Nature of the Related party	Nature of relationship
<b>Related Parties where control exists:</b>		
1	KSK Energy Ventures Limited	Holding Company
2	Wardha Power Company Limited	Fellow Subsidiary
3	KSK Mahanadi Power Company Limited	Fellow Subsidiary
<b>Key Management Personnel and their relatives</b>		
1	K Bapi Raju	Director
2	C Srinivas	Director



K. Bapi Raju

C. Srinivas

## Schedules to the Balance Sheet (continued)

(All amounts in Indian Rupees, except where otherwise stated)

### Schedule 7: Notes to accounts (continued)

#### B) Related party transactions during the year ending:

S.No.	Nature of transaction	Nature of relationship	March 31, 2010	March 31, 2009
1	Un secured loan (received)	Holding company	947,525,000	--
2	Un secured loan (repaid)	Holding company	846,100,000	--
3	Loans and advances	Holding company	846,010,472	--
4	Un secured loan (received)	Fellow subsidiary	300,000,000	--
5	Un secured loan (received)	Fellow subsidiary	450,000,000	--
6	Interest paid	Fellow subsidiary	4,541,096	--
7	Interest received	Holding company	4,519,593	--

#### C) Balance with related parties:

Includes the following amount due to/ due from the related parties as at:

S.No	Nature of transaction	Nature of relationship	March 31, 2010	March 31, 2009
1	Loans and advances	Holding Company	744,585,472	2,800,000
2	Un secured loan	Fellow subsidiary	300,000,000	--
3	Un secured loan	Fellow subsidiary	450,000,000	--
4	Interest accrued and due	Fellow subsidiary	4,086,986	--
5	Interest receivable	Holding Company	4,067,634	--

#### 3. Auditors' Remuneration

Particulars	For the year Ended March 31, 2010	For the year Ended March 31, 2009
Audit fees (excluding service tax)	10,000	5,000

- Additional information pursuant to para 3, 4, 4-A, 4-B, 4-C and 4-D of part II of Schedule VI to the Companies Act, 1956 to the extent either "Nil" or "Not Applicable" has not been furnished.
- Previous year figures have been regrouped / reclassified to make them comparable where -ever necessary.

For and on behalf of  
**Anant Rao & Mallik**  
Chartered Accountants

  
**B V Mallikarjuna**

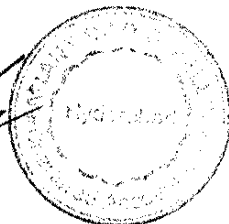
Partner

Member Ship No. 23350

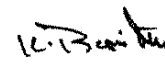
Firm Registration Number: 006266S

Place: Hyderabad

Date: 14.05.2010



for Bahur Power Company Private Limited

  
**K Bapi Raju**

Director

  
**C Srinivas**

Director

**Bahur Power Company Private Limited**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(As per Schedule VI, Part IV of the Companies Act, 1956)

**I. Registration Details**

Registration No.	U40109AP2005PTC047721	State Code	01
Balance Sheet Date	31/03/2010		

**II. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private placement	NIL

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	754,191,986	Total Assets	754,191,986
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**Sources of Funds**

Paid-up Capital	105,000	Reserves & Surplus	-
Secured loans	-	Unsecured loans	754,086,986
Share application money	-		

**Application of Funds**

Net Fixed Assets	6,760,693	Investments	-
Net Current Assets	747,431,293	Miscellaneous expenditure	-
Accumulated Losses	-		

**IV. Performance of Company (Amount in Rs. Thousands)**

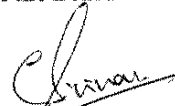
Turnover	-	Total Expenditure	-
Profit before tax	-	Profit after tax	-
Earnings per share ( in Rs.)	-	Dividend rate (%)	NIL
Class A - Basic & diluted	-		
Class B - Basic & diluted	-		

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code. No. (ITC Code)	Not Applicable
Product Description	Generation of Power

for and on behalf of the Board

  
K Bapi Raju  
Director

  
C. Srinivas  
Director

Place : Hyderabad  
Date : 14.05.2010

