



P. MURALI & CO.,
CHARTERED ACCOUNTANTS
6-3-655/2/3, SOMAJIGUDA,
HYDERABAD - 500 082. INDIA

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AUDITORS' REPORT

To
The Members,
KSK DIBBIN HYDRO POWER PRIVATE LIMITED

We have audited the attached Balance Sheet of KSK DIBBIN HYDRO POWER PRIVATE LIMITED as at 31st March, 2011 and Cash Flow Statement for the year ended on that date annexed thereto (collectively referred to as financial statements). 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.

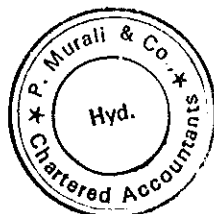
We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's Report) order 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
- (ii) 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 ;
- (iii) The Balance Sheet dealt with by this report is in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of Companies Act, 1956.
- (v) On the basis of written representations received from the Directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 ;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of ;
 - (a) the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
 - (b) the Cash Flow Statement, of the cash flows for the year ended on that date.

PLACE: HYDERABAD
DATE : 26/04/2011



For P.MURALI & CO.,
CHARTERED ACCOUNTANTS
FRN : 007257S

P. Murali Mohana Rao

P. MURALI MOHANA RAO
PARTNER
M.No.023412



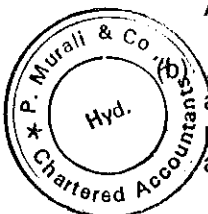
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ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
(c) The Company has not disposed off substantial part of the Fixed Assets.
- II. (a) The Company has no inventory and hence this clause is not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other Parties covered in the register maintained U/s.301 of the Companies Act, 1956.
(b) As the Company has not granted any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
(c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties, is not applicable to the company.
(d) No loans have been granted to Companies, firms & other parties listed in the register U/s.301 of the Companies Act, 1956, hence overdue amount of more than rupees one lac does not arise and the clause is not applicable.
(e) The Company has taken unsecured loans from two companies covered under the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs.551,160,519 and Rs.547,758,108 respectively.
(f) In our opinion, the rate of interest & other terms and conditions on which loans have been taken from Companies, firms & other parties listed in the Register maintained u/s. 301 of the Companies Act, 1956, are not prima facie, prejudicial to the interest of the Company.
(g) On the basis of our checking and according to the information and explanations given to us during the course of our audit, the Company is regular in repaying the principal amount and interest to parties from whom loans are taken.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation given to us, the contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of the financial year, are entered in register U/s 301 of the Companies Act, 1956 does not arise.



According to the information and explanations given to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regards to the prevailing market prices at the relevant time does not arise.

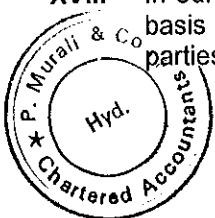


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- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. Since the paid-up capital and Reserves of the Company at the commencement of the financial year was not exceeding Rs.50 lacs or not having an average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the current financial year, hence the clause of having an Internal Audit system commensurate with its size and nature of its business is not applicable.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- IX. a) The Company is regular in depositing statutory dues including Provident Fund, Income Tax, Cess and any other statutory dues with the appropriate authorities. No undisputed amount payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
- b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- X. There are no accumulated and cash losses in the company, since the company has not commenced commercial operation.
- XI. According to information and explanations given to us, the Company has not taken any loans from Banks or Financial Institutions. Hence this clause of repayment of dues to Financial Institutions or Banks or debenture holders and the defaulted payment therein is not applicable to the Company.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this Company as the Company is not covered by the provisions of special statute applicable to Chit Fund in respect of Nidhi/Mutual Benefit Fund/Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, Debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, the Company has not obtained any Term Loans, hence this clause is not applicable.
- XVII. In our opinion, the Company has used funds amounting to Rs. 562,397,607 raised on short term basis for long term investment. These short term funds are loans and advances from related parties, which are payable on demand.





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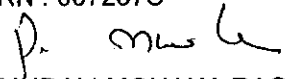
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- XVIII. According to the information and explanations given to us, the Company has not made any preferential allotment of Shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under audit.

PLACE: HYDERABAD
DATE : 26/04/2011



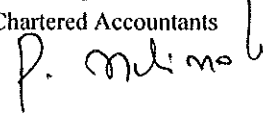
For P.MURALI & CO.,
CHARTERED ACCOUNTANTS
FRN : 007257S

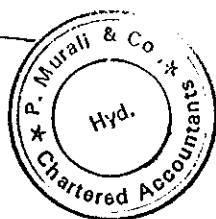

P. MURALI MOHANA RAO
PARTNER
M.No.023412

KSK Dibbin Hydro Power Private Limited
Balance Sheet as at March 31, 2011
 (All amounts in Indian Rupees, except share data and where otherwise stated)

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholder's funds			
Share capital	1	100,000	100,000
Loan funds			
Unsecured loans	2	563,880,673	404,394,876
		563,980,673	404,494,876
APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	30,496,931	23,405,728
Less : depreciation		5,983,687	3,619,207
Net block		24,513,244	19,786,521
Capital work-in progress (including capital advances)	4	539,923,801	343,903,633
		564,437,045	363,690,154
Investments	5	-	26,522,382
Current assets, loans and advances			
Cash and bank balances	6	4,220,705	9,168,042
Other current assets	7	1,995	185,232
Loans and advances	8	16,750,990	15,833,667
		20,973,690	25,186,941
Less : Current liabilities and provisions	9		
Current liabilities		19,934,528	9,699,040
Provisions		1,495,534	1,205,561
		21,430,062	10,904,601
Net current assets		(456,372)	14,282,340
		563,980,673	404,494,876
Significant accounting policies and notes to accounts	10		

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 P Murali & Co.,
 Firm Registration No. 007257S
 Chartered Accountants

 P Murali Mohana Rao
 Partner
 Membership No. 23412



for and on behalf of the board


 Tanmay Das
 Managing Director

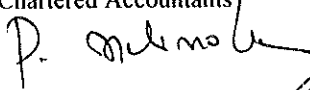

 K A Sastry
 Director

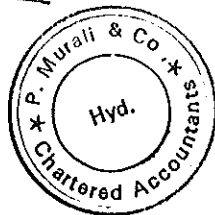
Place : Hyderabad
 Date : 26 April 2011

KSK Dibbin Hydro Power Private Limited
Cash Flow Statement for the year ended March 31, 2011
(All amounts in Indian Rupees, except share data and where otherwise stated)

	March 31, 2011	March 31, 2010
Cash flow from operating activities		
Operating profit before working capital changes	-	-
Adjustments for:		
(Increase)/decrease in loans and advances	(1,024,746)	(4,660,973)
Increase/(decrease) in current liabilities	8,059,317	(1,912,051)
Cash generated from/(used in) operations	7,034,571	(6,573,024)
Income tax paid	(21,319)	(368,139)
Net cash from/(used in) operating activities	7,013,252	(6,941,163)
Cash Flow from investing activities		
Purchase of fixed assets (including capital work in progress and expenditure during construction period pending allocation)	(138,759,924)	(72,275,817)
Purchase of investments	-	(202,500,000)
Sale of investments	26,522,382	175,977,618
Interest received	318,601	3,846,447
Dividend income	94,670	3,022,811
Net cash (used in) investing activities	(111,824,271)	(91,928,941)
Cash flow from financing activities		
Interest and finance charges	(51,037,630)	(46,795,039)
Proceeds from borrowings (net)	150,901,312	116,887,014
Net cash from financing activities	99,863,682	70,091,975
Net increase/(decrease) in cash and cash equivalents	(4,947,337)	(28,778,129)
Cash and cash equivalent - opening balance	9,168,042	37,946,171
Cash and cash equivalent - closing balance	4,220,705	9,168,042
Note : Components of cash and cash equivalents comprise		
Cash in hand	460,116	72,314
Balances with scheduled banks		
-in current accounts	3,750,589	3,585,728
-in deposit accounts	10,000	5,510,000
	4,220,705	9,168,042


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

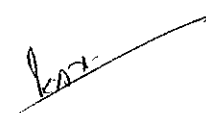
for P Murali & Co.,
Firm Registration No. 007257S
Chartered Accountants

P Murali Mohana Rao
Partner
Membership No. 23412



Place : Hyderabad
Date : 26 April 2011

for and on behalf of the board

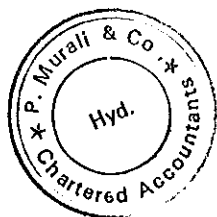

Tanmay Das
Managing Director


K A Sastry
Director

KSK Dibbin Hydro Power Private Limited
(All amounts in Indian Rupees, except share data and where otherwise stated)

Schedules to the Balance Sheet

	As at March 31, 2011	As at March 31, 2010
1 Share Capital		
Authorised		
10,000 (March 31, 2010 -10,000) equity shares of Rs. 10/- each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
Issued, subscribed and paid-up		
10,000 (March 31, 2010- 10,000) equity shares of Rs. 10 each, fully paid-up	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
	<u>100,000</u>	<u>100,000</u>
The above 10,000 (March 31, 2010 - 10,000) equity shares of Rs.10 each, fully paid up are held by the holding company, KSK Energy Ventures Limited.)		
2 Unsecured loans		
Short-term loans and advances		
From others	563,880,673	404,394,876
	<u>563,880,673</u>	<u>404,394,876</u>
	<u>563,880,673</u>	<u>404,394,876</u>
4 Capital work in progress		
A. Assets under construction	92,819,160	82,808,130
B. Expenditure pending allocation		
Engineering services	24,554,250	11,278,411
Personnel cost	100,135,975	54,622,833
Rates and taxes	7,474,490	6,870,030
Consultancy and other professional charges	66,882,915	62,988,017
Communication expenses	4,087,101	2,793,562
Travelling and conveyance	13,164,020	7,953,960
Remuneration to auditors	444,290	333,990
Printing and stationary	4,177,383	1,824,700
Rent	28,344,790	18,917,681
Repairs and maintenance	5,779,461	2,922,612
Insurance	1,090,554	528,317
Electricity and water charges	2,057,039	1,255,035
Miscellaneous expenses	10,286,945	6,603,137
Depreciation	5,983,687	3,619,207
Interest others	143,689,807	84,067,692
Finance charges	114,627	85,631
Income tax	1,836,167	1,824,515
Less:		
Other income	(7,822,671)	(7,678,827)
C. Advance against capital contracts	34,823,811	285,000
	<u>539,923,801</u>	<u>343,903,633</u>
	<u>539,923,801</u>	<u>343,903,633</u>

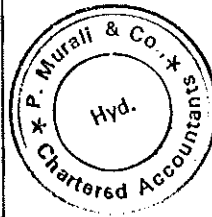


KSK Dibbin Hydro Power Private Limited
(All amounts in Indian Rupees, except share data and where otherwise stated)

Schedules to the Balance Sheet

3 Fixed assets

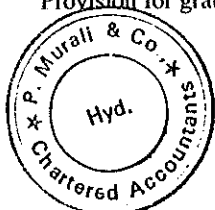
Particulars	Gross Block			Depreciation/Amortisation			Net Block	
	As at April 1, 2010	Additions during the year	As at March 31, 2011	As at April 1, 2010	For the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Buildings	1,206,868	480,000	1,686,868	356,440	242,425	598,865	1,088,003	850,428
Plant and machinery	7,406,043	1,551,827	8,957,870	879,921	628,951	1,508,872	7,448,998	6,526,122
Furniture and fittings	7,844,744	239,783	8,084,527	981,851	603,068	1,584,919	6,499,608	6,862,893
Computers	2,444,414	4,118,182	6,562,596	594,104	539,701	1,133,805	5,428,791	1,850,310
Computer software	67,756	-	67,756	45,398	17,034	62,432	5,324	22,358
Office equipment	3,652,060	701,411	4,353,471	571,058	258,836	829,894	3,523,577	3,081,002
Vehicles	783,843	-	783,843	190,435	74,465	264,900	518,943	593,408
Total	23,405,728	7,091,203	30,496,931	3,619,207	2,364,480	5,983,687	24,513,244	19,786,521
As at March 31, 2010	17,383,596	6,022,132	23,405,728	1,532,546	2,086,661	3,619,207	19,786,521	15,851,050



KSK Dibbin Hydro Power Private Limited
(All amounts in Indian Rupees, except share data and where otherwise stated)

Schedules to the Balance Sheet

	As at March 31, 2011	As at March 31, 2010
5 Investments		
Current investments <i>(quoted, fully paid up)</i>		
IDFC Mutual Fund	-	26,522,382
Nil (March 31, 2010, -2,651,840.419 units of Rs 10.0015 each)	-	-
	<u>-</u>	<u>26,522,382</u>
6 Cash and bank balances		
Cash and cheques on hand	460,116	72,314
Balances with scheduled banks :		
in current Accounts	3,750,589	3,585,728
in deposit Accounts	10,000	5,510,000
	<u>4,220,705</u>	<u>9,168,042</u>
7 Other current assets		
Interest accrued on deposits	1,995	185,232
	<u>1,995</u>	<u>185,232</u>
8 Loans and advances <i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	132,926	211,680
Deposits	16,385,700	15,282,200
Advance tax and tax deducted at source (net of provision for tax)	232,364	339,787
	<u>16,750,990</u>	<u>15,833,667</u>
9 Current liabilities and provisions		
Current liabilities		
Sundry creditors		
Dues to micro and small enterprises	-	-
Dues to other than micro and small enterprises	16,779,260	7,879,045
Other liabilities	3,155,268	1,819,995
	<u>19,934,528</u>	<u>9,699,040</u>
Provisions		
Provision for taxation (net of advance tax)	-	125,570
Provision for gratuity	1,495,534	1,079,991
	<u>1,495,534</u>	<u>1,205,561</u>



KSK Dibbin Hydro Power Private Limited

Schedules to the Balance Sheet (continued)

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

Schedule 10

Statement on significant accounting policies and notes to accounts

A. Significant accounting policies

1. Accounting convention:

The financial statements of KSK Dibbin Hydro Power 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. Fixed assets

Fixed assets are stated at cost of acquisition *less* depreciation. Cost of acquisition is inclusive of freight, duties, levies and all incidentals directly or indirectly attributable to bringing the asset to its working condition for its intended use.

Borrowing costs directly attributable to the acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized

Assets under Installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress.

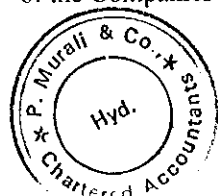
All fixed assets are assessed for any indication of impairment at the end of each financial year. On Such indication, the impairment loss (being the excess of carrying value over the recoverable value of the asset) is charged to the profit and loss account in the respective financial year. The impairment loss recognised in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in the subsequent years.

4. Depreciation

Depreciation has been provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except for assets costing up to Rs. 5,000/-, which are fully depreciated in the year of acquisition. Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed. Leasehold land is being amortized over the lease period.

Capital expenditure on assets not owned by the Company under the head Fixed Assets is amortized over a period of life of the asset from the year in which the asset becomes available for use.

Intangible assets, viz., Computer software is recognized as per the criteria specified in the Accounting Standard (AS) 26 "Intangible Assets" notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956 and is amortized over a period of three years.



KSK Dibbin Hydro Power Private Limited

Schedules to the Balance Sheet (continued)

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

Schedule 10

Statement on significant accounting policies and notes to accounts

5. 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.

6. Cash flow statement :

Cash flows are reported using the indirect method, where by the net profit before tax is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated and presented separately.

7. Employee benefits:

Contributions payable to the recognised provident fund, which is a defined contribution scheme, is charged to the profit and loss account.

Gratuity, which is a defined benefit, is administered by trustees of Employees Gratuity fund and is funded through a scheme administered by the Life Insurance Corporation of India ('LIC'). Annual contributions to the fund are made on the basis of an actuarial valuation at the balance sheet date, carried out by an independent actuary.

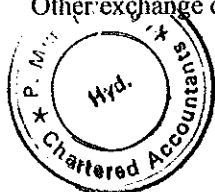
Actuarial gains and losses arising during the year are recognised in the profit and loss account.

8. 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.



KSK Dibbin Hydro Power Private Limited

Schedules to the Balance Sheet (continued)

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

Schedule 10

Statement on significant accounting policies and notes to accounts

9. Taxes on income:

Income tax expense comprises current tax.

Current tax

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

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

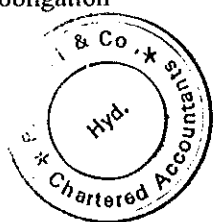
Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

The break-up of the deferred tax assets and liabilities as at the balance sheet date has been arrived at after setting-off deferred tax assets and liabilities where the Company has no legally enforceable right and an intention to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

10. 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



KSK Dibbin Hydro Power Private Limited

Schedules to the Balance Sheet (continued)

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

Schedule 10

Statement on significant accounting policies and notes to accounts

B. Notes forming part of accounts

1. Capital commitments and contingent liabilities:

(i) Contingent liabilities – Rs. Nil (March 31,2010-Rs.Nil)

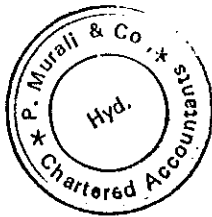
(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for in the Company – Rs.225,587,612(March 31,2010-Rs.693,670)

2. The Company was incorporated on 9 April 2007 for setting up a 125 MW Hydel based Power Plant in Tehsil Nafra, West Kameng District in the State of Arunachal Pradesh. Since the Company is in construction stage, no profit and loss account was prepared for the period. All the expenditure incurred during the construction period is grouped and disclosed under "Expenditure during construction period, pending allocation" (Refer schedule 4 to the balance sheet).

3. Employee benefit plans

Retirement Benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.



KSK Dibbin Hydro Power Private Limited

Schedules to the Balance Sheet (continued)

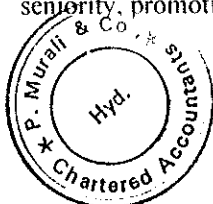
(All amounts in Indian Rupees, except where otherwise stated)

Schedule 10

Statement on significant accounting policies and notes to accounts

Particulars	March 11	March 10
Present value of obligation at the beginning of the year	1,366,852	148,979
Interest cost	109,348	11,173
Current service cost	1,412,202	744,392
Past Service Cost (non vested benefits)	644,322	-
Past Service Cost (vested benefits)	-	-
Benefits paid	-	-
Actuarial loss/(gain) on obligation	(778,292)	462,308
Present value of obligation at the end of the year	2,754,432	1,366,852
Fair Value of Plan assets at the beginning of the year	286,861	49,288
Expected return on plan assets	48,354	14,160
Contributions	500,812	216,087
Benefits Paid	-	-
Actuarial gain/(loss) on plan assets	(6,677)	7,326
Fair Value of Plan assets at the end of the year	829,350	286,861
Amounts recognized in the balance sheet		
Present value of obligation as at the end of the year	2,754,432	1,366,852
Fair value of plan assets at the end of the year	829,350	(286,861)
Funded status	(1,925,082)	1,079,991
Unrecognised Actuarial Gain/(Loss)	-	-
Unrecognised Past Service Cost-non vested benefits	429,548	-
Net Asset/(Liability) recognized in the balance sheet	(1,495,534)	(1,079,991)
Amounts recognized in the statement of profit and loss		
Current service cost	1,412,202	744,392
Interest cost	109,348	11,173
Past Service Cost (non vested benefits)	214,774	-
Past Service Cost (vested benefits)	-	-
Expected return on plan assets	(48,354)	(14,160)
Net actuarial (gain) / loss recognized for the year	(771,615)	454,982
Expenses recognized in the statement of profit and loss	916,355	1,196,387
Principal actuarial assumptions as at balance sheet date		
Discount rate	8.00%	8.00%
Salary escalation	15.00%	15.00%
Expected return on plan assets	9.00%	9.00%
Attrition rate	15.00%	15.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



KSK Dibbin Hydro Power Private Limited

Schedules to the Balance Sheet (continued)

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

Schedule 10

Statement on significant accounting policies and notes to accounts

4. **Deferred tax**

There is no deferred tax asset/liability required to be recognised as per AS-22 "Accounting for taxes on Income" as at Balance sheet date.

5. **Disclosures as required by Accounting Standard 19 (AS-19) are as follows:**

a) **Operating leases:**

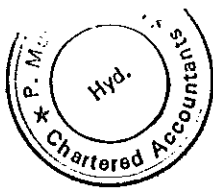
The Company has entered into certain operating lease agreements. An amount of Rs.9,516,060 (March 31,2010-Rs.7,469,866) paid under such agreements has been disclosed as "Rent" under expenditure during construction period, pending allocation.

The schedule of future minimum rental payments in respect of non-cancelable operating leases is set out below.

Particulars	March 31, 2011	March 31, 2010
Lease obligation		
Within one year of the Balance Sheet date	7,786,808	7,416,006
Due in a period between one year and five years	6,757,140	14,543,948
Due after five years	-	-

6. **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.



KSK Dibbin Hydro Power Private Limited

Schedules to the Balance Sheet (continued)

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

Schedule 10

Statement on significant accounting policies and notes to accounts

7. Related party transactions

(a) Particulars of transactions with related parties:

Enterprises where control exists.	Holding Company KSK Energy Ventures Limited (KSKEVL)
Parties where significant influence exist and where transactions has taken place during the year	Fellow Subsidiary KSK Electricity Financing India Private Limited (KSKEFIPL)

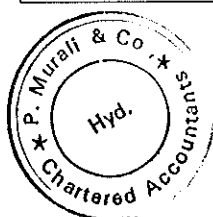
The information relating to disclosure of related parties has been determined to the extent such parties have been identified based on the information available with the Company.

Nature of transaction	KSKEVL	KSKEFIPL
Unsecured loan (Net)		
Year ended March 31,2011	154,712,986	-
Year ended March 31,2010	472,900,000	-
Interest on unsecured loan		
Year ended March 31,2011	56,279,140	3,342,975
Year ended March 31,2010	47,070,910	3,342,975
Outstanding balance		
Unsecured loan		
As at March 31,2011	519,900,000	27,858,108
As at March 31,2010	365,187,014	27,858,108
Interest accrued on unsecured loan		
As at March 31,2011	14,622,348	15,00,217
As at March 31,2010	10,607,889	824,295

8. As at March 31, 2011, there are no amounts including interest payable to Micro, Small and Medium enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company.

9. Auditors' Remuneration

Particulars	March 31, 2011	March 31, 2010
Audit fees(including service tax)	110,300	110,300



KSK Dibbin Hydro Power Private Limited

Schedules to the Balance Sheet (continued)

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

Schedule 10

Statement on significant accounting policies and notes to accounts

10. Expenditure in foreign currency on accrual basis

Particulars	March 31, 2011	March 31, 2010
Supply and installation of equipment	-	3,501,879
Professional and consultancy charges	916,860	7,510,316

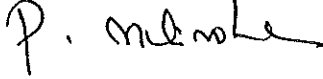
11. Additional information pursuant to para 3, 4, 4-A, 4-C and 4-D of part II of Schedule VI to the Companies Act, 1956 to the extent either "Nil" or "Not Applicable" has not been furnished.

12. Previous years' figures have been regrouped and re-arranged to conform to the current years' classification.

for and on behalf of

P. Murali & Co.,

Chartered Accountants

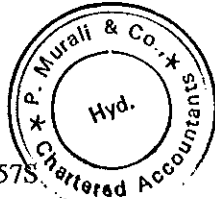


P. Murali Mohana Rao

Partner

Membership No.23412

Firm Registration No.0072575



for and on behalf of the board



Tanmay Das

Managing Director



K A Sastry

Director

Place: Hyderabad

Date: 26 April 2011

KSK Dibbin Hydro Power 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.	53501	State Code No	01
Balance Sheet Date	31-Mar-11		

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 Rupees)

Total Liabilities	563,981	Total Assets	563,981
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Sources of Funds

Paid-up Capital	100	Reserves & Surplus	-
Secured Loans	-	Unsecured loans	563,881
Share application money	-		

Application of Funds

Net Fixed Assets	564,437	Investments	-
Net Current Assets	(456)	Miscellaneous expenditure	-
Accumulated Losses	-		

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


Turnover	} Not Applicable	Total Expenditure	} Not Applicable
Profit before tax		Profit after tax	
Earnings per share		Dividend rate (%)	

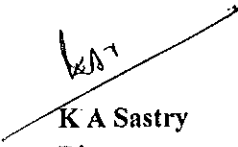
V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

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

for and on behalf of the board

Place: Hyderabad
Date : 26 April 2011


Tanmay Das
Managing Director


K A Sastry
Director