



AUDITOR'S REPORT

The Members,  
SAI MAITHILI POWER COMPANY PRIVATE LIMITED  
Hyderabad.

We have audited the attached Balance Sheet of SAI MAITHILI POWER COMPANY PRIVATE LIMITED, Hyderabad, as at March 31, 2011 and Cash Flow Statement for the period ended on that date. 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 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.

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.

Further to our comments in the Annexure referred to in paragraph 2 above, we report that:

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;

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;

The balance sheet and cash flow statement dealt with by this report are in agreement with the books of account;



In our opinion, the balance sheet and cash flow statement dealt with by this report comply with the mandatory Accounting Standards referred in sub-section(3C) of section 211 of the Companies Act, 1956;

In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on March 31, 2011, from being appointed as directors in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956.

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 at March 31, 2011.

In so far it relates to cash flow statement, of the cash flows of the Company for the year ended on that date.

for ANANT RAO & MALLIK  
Chartered Accountants



B.V.MALLIKARJUNA  
Partner



M.No.23350

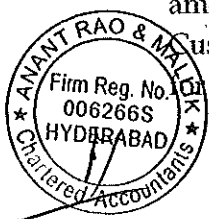
FRN: 006266S

Date: 29.04.2011

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 maintenance, physical verification and disposal of fixed assets are not applicable. Expenditure pending allocation is shown under the head of Fixed Assets.
2. As the company does not carry any inventories, the clauses in respect of inventories are not applicable.
3. During the year under review, the company has not taken loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Balance of Rs.49.30 lakhs taken as unsecured loan taken from its holding company is outstanding as on March 31, 2011.
4. In our opinion, and considering the nature of transactions and other terms and conditions of such loans, are prima facie, not prejudicial to the interests of the company.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and other activities.
6. In our opinion and according to the information and explanation given to us, there are no contracts and arrangements, particulars of which need to be entered into the register maintained under section 301 of the Companies act, 1956.
7. The Company has not accepted any deposits from the public.
8. 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.
9. According to the information and explanations given to us the company has not commenced the commercial production and hence maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956 is not applicable during the year.
10. According to the information and explanations given to us, the schemes of PF & ESI are not applicable to the company.
11. According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income tax, Sales tax, Service tax, Customs Duty and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.
12. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Sales tax, Service tax, Customs Duty and other material statutory dues were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.



13. 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 due as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

14. As per the accounts referred to in this Report, the Company does not have any accumulated losses and has not incurred cash losses in the financial year and in the immediately preceding financial year.

15. The Company has not taken any loans from financial institutions or banks or debenture holders and as such matters relating to defaults do not arise.

16. 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.

17. 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.

18. The Company has not dealt in or traded in shares, securities, debentures and other investments.

19. The Company has not given guarantees for loans taken by others from banks or financial institutions.

20. The Company has not raised any term loans during the year. There are no existing term loans.

21. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.

22. 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.

23. The Company has not issued any debentures during the year.

24. The Company has not raised any money by way of public issue.

25. 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.

For ANANT RAO & MALLIK  
Chartered Accountants

  
B.V. MALLIKARJUNA

Partner

M.No.23350

FRN: 006266S

Date: 29.04.2011



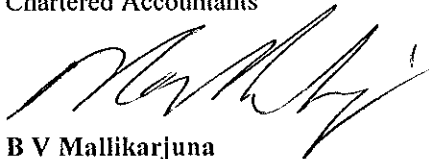
**Sai Maithili Power Company Private Limited**  
**Balance Sheet as at March 31, 2011**

(All amount in Indian rupee, except share data and where otherwise stated)

SOURCES OF FUNDS	Schedule	As at March 31,2011	As at March 31,2010
<b>Shareholders' funds</b>			
Share capital	1	500,000	500,000
<b>Loan funds</b>			
Unsecured loans	2	4,930,000	4,930,000
		5,430,000	5,430,000
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Capital work-in progress (including capital advances)	3	4,968,136	4,952,911
		4,968,136	4,952,911
<b>Current assets, loans and advances</b>			
Cash and bank balances	4	472,894	488,119
		472,894	488,119
<b>Less : Current liabilities and provisions</b>			
Current liabilities	5	11,030	11,030
		11,030	11,030
<b>Net current assets</b>		461,864	477,089
		5,430,000	5,430,000
<b>Significant accounting policies and notes to accounts</b>	6		

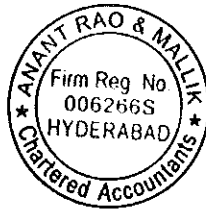
The schedules referred to above form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date.

for Anant Rao & Mallik  
Chartered Accountants

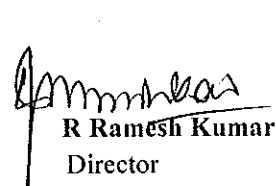


**B V Mallikarjuna**  
Partner

Membership No. 23350  
Firm Registration No: 006266S  
Place : Hyderabad  
Date : 29.04.2011



for and on behalf of the Board



**R Ramesh Kumar**  
Director



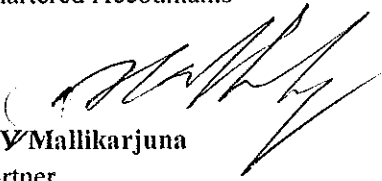
**C Srinivas**  
Director

**Sai Maithili Power Company Private Limited**  
**Cash Flow Statement for the year ended**  
 (All amount in Indian rupee, except share data and where otherwise stated)

	March 31, 2011	March 31, 2010
<b>A. Cash flow from operating activities</b>		
(Increase) / decrease in current liabilities	-	863
<b>Net cash from/(used in) operating activities</b>	-	863
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work in progress)	(15,225)	(14,910)
<b>Net cash from/(used in) investing activities</b>	(15,225)	(14,910)
<b>C. Cash flow from financing activities</b>		
<b>Net cash from /(used in) financing activities</b>	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	(15,225)	(14,047)
Cash and cash equivalent - opening balance	488,119	502,166
<b>Cash and cash equivalent - closing balance</b>	472,894	488,119
<b>Cash and cash equivalents</b>		
Cash in hand	6,117	2,602
<b>Balances with scheduled banks</b>		
in current accounts	466,777	485,517
	472,894	488,119

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 No: 006266S  
 Place : Hyderabad  
 Date : 29.04.2011



for and on behalf of the Board

  
**R Ramesh Kumar**  
 Director

  
**S Srinivas**  
 Director

**Sai Maithili Power Company Private Limited**

(All amount in Indian rupee, except share data and where otherwise stated)

**Schedules to the Balance sheet**

	As at March 31,2011	As at March 31,2010
<b>1 Share capital</b>		
<b>Authorised :</b>		
50,000 (March 31, 2010: 50,000) equity shares of Rs. 10/- each .	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>Issued, Subscribed and Paid-up :</b>		
50,000 (March 31, 2010: 50,000) equity shares of Rs.10 each fully paid-up.	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>Note</b>		
The above 50,000 (March 31, 2010: 50,000) 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	4,930,000	4,930,000
	<u>4,930,000</u>	<u>4,930,000</u>
<b>3 Capital work in progress</b>		
<b>Expenditure pending allocation</b>		
Communication expenses	46,791	46,791
Travelling and conveyance	991,096	991,096
Repairs and maintenance	78,592	78,592
Professional and consultancy charges	3,361,658	3,361,658
Licenses, taxes and legal expenses	32,036	28,261
Office expenses	25,818	25,608
Printing and stationery	44,855	44,655
Advertisement	20,000	20,000
Tender / bid document charges / processing fee	40,000	40,000
Miscellaneous expenses	18,716	18,716
Salaries and wages	202,400	202,400
Bank charges	6,132	6,122
Interest on taxes	597	597
Audit fees	51,000	39,970
Fringe benefit tax	29,945	29,945
Preliminary expenses written off	18,500	18,500
	<u>4,968,136</u>	<u>4,952,911</u>



**Sai Maithili Power Company Private Limited**

(All amount in Indian rupee, except share data and where otherwise stated)

**Schedules to the Balance sheet**

	As at March 31,2011	As at March 31,2010
<b>4 Cash and bank balances</b>		
Cash in hand	6,117	2,602
<b>Balances with scheduled banks in current accounts</b>	<u>466,777</u>	<u>485,517</u>
	<u>472,894</u>	<u>488,119</u>
<b>5 Current liabilities and provisions</b>		
<b>Current liabilities</b>		
Sundry creditors		
Dues to micro, small and medium enterprises	-	-
Dues to other than micro, small and medium enterprises	11,030	9,927
Other liabilities	-	1,103
	<u>11,030</u>	<u>11,030</u>



**Sai Maithili Power Company Private Limited**  
**Schedules to the Balance Sheet**

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

**Schedule 6: Significant accounting policies and notes to accounts**

**A. Significant accounting policies**

**1. Accounting convention**

The financial statements of Sai Maithili 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 period. 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 transactions**

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

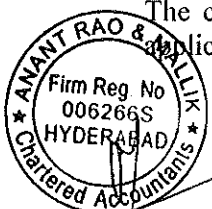
As at the Balance Sheet date, foreign currency monetary items are translated using the closing/contracted rate. Non monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction. The differences in translation of monetary assets and liabilities and 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 tax is calculated in accordance with the relevant tax regulations applicable to the company.



**Sai Maithili Power Company Private Limited**  
**Schedules to the Balance Sheet (continued)**

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

**Schedule 6: Significant accounting polices and notes to accounts.**

**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

**7. Cash flow**

“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.”

**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.



**Sai Maithili Power Company Private Limited**  
**Schedules to the Balance Sheet (continued)**

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

**Schedule 6: Significant accounting policies and notes to accounts.**

**4. Related party disclosures**

**A) List of related parties as at March 31, 2011**

S. No	Name of the related party	Nature of relationship
1	KSK Energy Ventures Limited	Holding company

**B) Key management personnel and their relatives**

S. No	Name of the related party	Nature of relationship
1	K Bapi Raju	Director
2	C Srinivas	Director
3	R Ramesh Kumar	Director

C) There are no related party transactions for the year ending: March 31, 2011; and March 31, 2010.

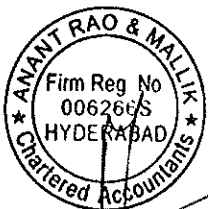
**D) Particulars of related party balances outstanding**

S. No.	Nature of transaction	March 31, 2011	March 31, 2010
1	Loans taken ( included in loan funds) KSK Energy Ventures Limited	4,930,000	4,930,000

5. 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.

**6. Auditors' remuneration**

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Audit fees (excluding service tax)	10,000	10,000



**Sai Maithili Power Company Private Limited**  
**Schedules to the Balance Sheet (continued)**

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

**Schedule 6: Significant accounting polices and notes to accounts.**

7. 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.
8. Previous year figures have been regrouped / reclassified wherever necessary to conform to the current year classification.

*for Anant Rao & Mallik*

Chartered Accountants

  
B.V. Mallikarjuna

Partner

Membership No.23350

Firm Registration No: 006266S

Place: Hyderabad

Date: 29.04.2011



*for and on behalf of the Board*

  
R Ramesh Kumar

Director

  
C Srinivas

Director

**Sai Maithili 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.	U40101AP2002PTC039426	State Code	01
Balance Sheet Date	31/03/2011		

**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	5,430	Total Assets	5,430
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**Sources of Funds**

Paid-up Capital	500	Reserves & Surplus	-
Secured loans	-	Unsecured loans	4,930
Share application money	-		

**Application of Funds**

Net Fixed Assets	4,968	Investments	-
Net Current Assets	462	Miscellaneous expenditure	-
Accumulated Losses	-		

**IV. Performance of Company (amount in Rs. thousands)**

Turnover	-	Total Expenditure	-
Profit before tax	-	Profit after tax	-
Earning per share (in Rs.)	-	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

  
R Ramesh Kumar  
Director

  
C. Srinivas  
Director

Place : Hyderabad

Date : 29.04.2011