

Partners :

V. ANANT RAO., FCA, DISA, CISA, CISSP, CISM

B. V. MALLIKARJUNA, FCA



ANANT RAO & MALLIK
CHARTERED ACCOUNTANTS

B-310, Kushal Towers, Khairatabad, Hyderabad - 500 004. Phone : 23314327 / 30628288, Fax : 040 - 66360666, E-mail : armcas@gmail.com

AUDITOR'S REPORT

The Members,

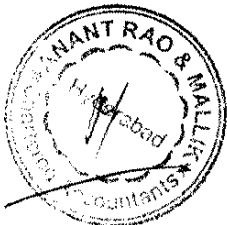
SAI MAITHILI POWER COMPANY PRIVATE LIMITED

(FORMERLY SAI MAITHILI ENERGY & MINING PRIVATE LIMITED)

Hyderabad.

We have audited the attached Balance Sheet of SAI MAITHILI POWER COMPANY PRIVATE LIMITED, 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.

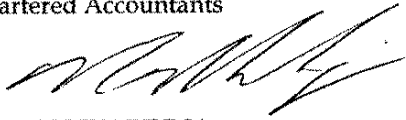
1. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, 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 ;



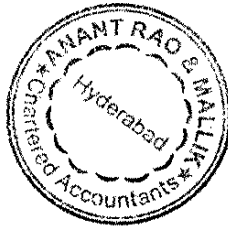
- e) In our opinion, and based on information and explanations given to us, none of the directors are disqualified as on March 31, 2010, from being appointed as directors in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956.
- f) In our Opinion and to the best of our information 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 at March 31, 2010.

for ANANT RAO & MALLIK
Chartered Accountants



B.V.MALLIKARJUNA
Partner

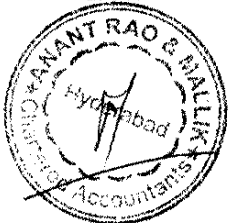


M.No.23350
Firm Regn. No. 006266S
Date : 29.05.2010

Annexure to Auditors' Report

(Referred to in Paragraph 2 of our report of even date)

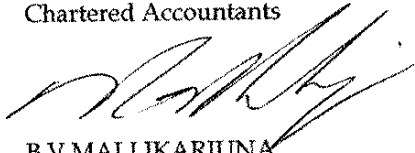
1. The company does not have any fixed assets and hence the matters relating to maintenance, physical verification and disposal of fixed assets are not applicable. Expenditure pending allocation is shown under the head of Fixed Assets.
2. As the company does not carry any inventories, the clauses in 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, 2010. 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. The company has laid down adequate internal control procedures commensurate with its size and nature of business for all its functions. Presently, the company has not acquired any fixed assets and inventories and also has not yet made any sale of goods.
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 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 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.
10. The Company does not have any accumulated losses. The company has no profits as it has not started its operations.
11. 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.
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.
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.

For ANANT RAO & MALLIK

Chartered Accountants



B.V.MALLIKARJUNA

Partner

M.No.23350

Firm Regn. No. 006266S

Date : 29.05.2010




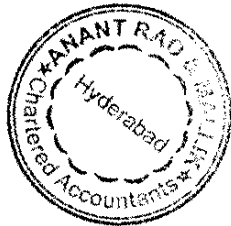
Sai Maithili Power Company Private Limited
Balance Sheet as at March 31, 2010
 (All amounts in Indian rupees, except share data and where otherwise stated)

SOURCES OF FUNDS	Schedule	As at March 31, 2010	As at March 31,2009
Shareholders' Funds			
Share Capital	1	500,000	500,000
Loan Funds			
Unsecured Loans	2	4,930,000	4,930,000
		<u>5,430,000</u>	<u>5,430,000</u>
APPLICATION OF FUNDS			
Fixed Assets			
Capital Work-in Progress (including capital advances)	3	4,952,911	4,938,001
		<u>4,952,911</u>	<u>4,938,001</u>
Current Assets, Loans And Advances			
Cash and Bank Balances	4	488,119	502,166
		<u>488,119</u>	<u>502,166</u>
Less : Current Liabilities And Provisions			
Current Liabilities	5	11,030	10,167
		<u>11,030</u>	<u>10,167</u>
Net Current Assets		477,089	491,999
		<u>5,430,000</u>	<u>5,430,000</u>
Statement on significant accounting policies and notes to accounts	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
 Member Ship No.23350
 Firm Registration Number:006266S
 Place : Hyderabad
 Date : 29-05-2010



for Sai Maithili Power Company Private Limited


K. Bapi Raju
 Director


C. Srinivas
 Director



Sai Malthili Power Company Private Limited
(All amounts in Indian rupees, except share data and where otherwise stated)

Cash Flow Statement for the year ended

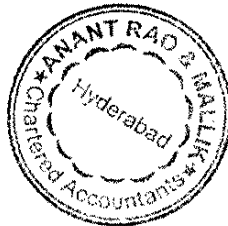
	March 31, 2010	March 31, 2009
A. Cash Flow from Operating Activities		
Current Liabilities	863	(6,681)
Net Cash from Operating Activities	863	(6,681)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets (including Capital work in Progress and expenditure during construction period pending allocation)	(14,910)	(16,117)
Net Cash from/(used in) Investing Activities	(14,910)	(16,117)
C. Cash Flow from Financing Activities		
Net Cash from (used in) Financing Activities	-	-
Net Increase/(Decrease) in Cash and Cash Equivalents	(14,047)	(22,798)
Cash and Cash Equivalent - Opening Balance	502,166	524,964
Cash and Cash Equivalent - Closing Balance	488,119	502,166
Cash and cash equivalents at the end of the year		
Cash in hand	2,602	8633.79
Balances with scheduled banks in current accounts	485,517	493531.73
	488,119	502,166

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

for **Anant Rao & Mallik**
Chartered Accountants



B V Mallikarjuna
Partner
Member Ship No.23350
Firm Registration Number:006266S
Place : Hyderabad
Date : 29-05-2010



for Sai Malthili Power Company Private Limited



K Bapi Raju
Director

C. Srinivas
Director

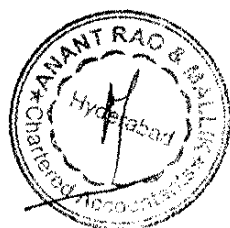


Sai Maithili Power Company Private Limited

(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
1 Share Capital		
Authorised :		
50,000 (As at 31 March 2009: 10,000) Equity Shares of Rs. 10/- each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Issued, Subscribed and Paid-up :		
Equity shares		
50,000 Equity Shares of Rs. 10 each fully paid-up (As at 31 March 2009: 50,000)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Note		
The above 50,000 (As at 31 March 2009: 50,000;) Equity Shares of Rs.10 each, fully paid up are held by the		
2 Unsecured loans		
Short-term		
From others	4,930,000	4,930,000
	<u>4,930,000</u>	<u>4,930,000</u>
3 Capital work in progress		
Expenditure pending allocation		
Communication expenses	46,791	46,791
Travelling and conveyance	991,096	991,096
Repairs & maintenance	78,592	78,592
Professional and consultancy charges	3,361,658	3,361,658
Licenses, taxes & legal expenses	28,261	24,861
Office expenses	25,608	25,258
Printing and stationery	44,655	44,485
Advertisement	20,000	20,000
Tender / bid document charges / processing fee	40,000	40,000
Miscellaneous expenses	18,716	18,716
Salaries & wages	202,400	202,400
Bank charges	6,122	6,110
Interest on taxes	597	597
Audit fees	39,970	28,992
Fringe benefit tax	29,945	29,945
Preliminary expenses written off	18,500	18,500
	<u>4,952,911</u>	<u>4,938,001</u>



K. Ravi Kumar

Srinivas

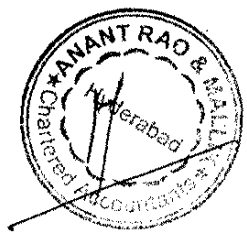


Sai Maithili Power Company Private Limited

(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
4 Cash and Bank Balances		
Cash in hand	2,602	8,634
Balances with Scheduled Banks :		
in Current accounts	485,517	493,532
	<u>488,119</u>	<u>502,166</u>
5 Current liabilities and provisions		
Current Liabilities		
Sundry creditors	9,927	10,167
Other liabilities	1,103	-
	<u>11,030</u>	<u>10,167</u>



K. Ravi Kumar
S. Srinivas

A circular stamp of Sai Maithili Power Company Pvt. Ltd. The text around the border reads "SAI MAITHILI POWER COMPANY PVT. LTD." at the top and "Sai Maithili Power Company Pvt. Ltd." at the bottom. A signature is written across the center of the stamp.

Schedules to the Balance Sheet (continued)

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

Schedule 6: 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 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.

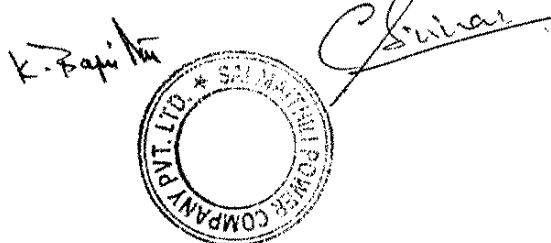
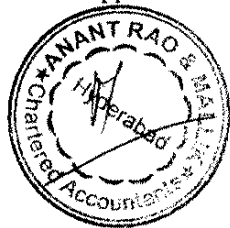
At the Balance Sheet, foreign currency monetary items are translated using the closing/contracted rate. Non monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction. The differences in translation of monetary assets and liabilities and realized 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.



Schedules to the Balance Sheet (continued)

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

Schedule 6: 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.

4. Related Party Transactions:

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

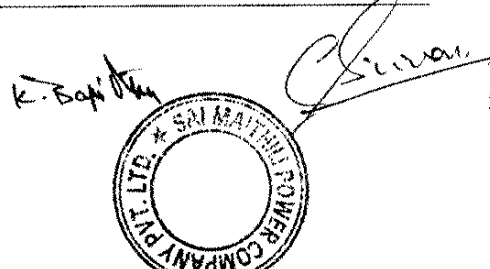
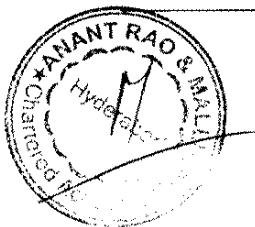
S. No	Nature of the Related party	Nature of relationship
	KSK Energy Ventures Limited	Holding Company
Key Management Personnel and their relatives		
1	K Bapi Raju	Director
2	C Srinivas	Director

B) Related party transactions during the year ended: Nil

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	Unsecured loan	Holding Company	4,930,000	4,930,000



Schedules to the Balance Sheet (continued)

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

Schedule 6: Notes to accounts (continued)

5. Auditors' Remuneration

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Audit fees	10,000	5,000

6. 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.
7. Previous year figures have been regrouped / reclassified to make them comparable where ever necessary.

For and on behalf of
Anant Rao & Mallik
Chartered Accountants


BV Mallikarjuna

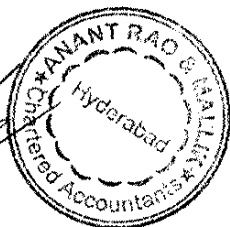
Partner

Member Ship No.23350

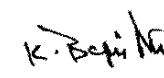
Firm Registration Number: 006266S

Place: Hyderabad

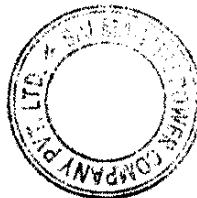
Date: 29-05-2010



for Sai Maithili Power Company Private Limited


K Bapi Raju
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	31/03/2010		

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	5,430	Total Assets	5,430
-------------------	-------	--------------	-------

Sources of Funds

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

Application of Funds

Net Fixed Assets	4,953	Investments	-
Net Current Assets	477	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 (%)	-

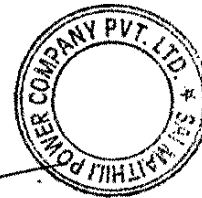
V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

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

for and on behalf of the Board


K. Bapi Raju
Director


C. Srinivas
Director



Place : Hyderabad

Date : 29-05-2010