

Report of the Auditors to the Members of

M/s. Wardha Power Company Limited

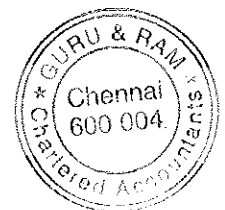
We have audited the attached Balance Sheet of M/s. Wardha Power Company Limited, as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our report.

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 statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement 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 a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable.

Further to our comments in the Annexure referred to 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and the Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.



- e) On the basis of written representation 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 are disqualified as on 31st March 2011 from being appointed as a director, 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 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view
- (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2011;
- (ii) In the case of the Profit & Loss Account, of the Loss for the year on that date; and
- (iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place: Chennai
Date: 28.04.2011

for Guru & Ram
Chartered Accountants
Registration No. 009723S

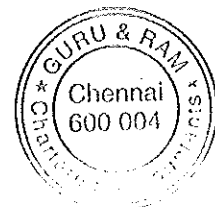

A. Rajasekaran
Partner
Membership No.: 025549



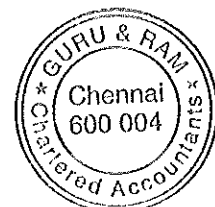
M/s. Wardha Power Company Limited

Annexure to the Report of the Auditors

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. No significant discrepancies were noticed on such verification.
- (c) Based on our scrutiny of the records, there were sale of fixed assets during the year. According to the the information and explanations given to us, we are of the opinion that such sale of fixed assets has not affected the going concern status of the company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to its size of the company and nature of business.
- (c) The company has maintained proper records of inventory. No material discrepancies were noted on physical verification of stocks as compared to book records.
- (iii) (a) The Company has given loan to three parties covered in the register maintained under section 301 of the Companies Act, 1956 and aggregate amount of loans granted to such parties was Rs. 2.57 Crores. At the year end, the outstanding balances of such loans aggregated to Rs. 3.96 Crores and the maximum amount outstanding during the year was Rs. 4.01 Crores.
- (b) In our opinion and according to the information and explanation available to us, the rate of interest and other terms and conditions are not, prima facie, prejudicial to the interest of the Company.
- (c) In the case of loan granted to the companies listed in the register maintained under Section 301 of the Companies Act, 1956 the borrower has been regular in the payment of the interest as stipulated. The terms of arrangement do not stipulate any repayment schedule and is repayable on demand. Accordingly, paragraph 4(iii)(c) of the Order is not applicable to the Company in respect of repayment of the principal amount.
- (d) In our opinion, there are no overdue amounts of more than rupees one lakh in respect of the loan granted to the companies listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii)(d) of the Order is not applicable.



- (e) The Company has taken loans aggregating to Rs. 178.57 Crores from four parties covered in the register maintained under section 301 of the Companies Act, 1956. At the year end, the outstanding balances of such loans aggregated to Rs. 121.51 Crores and the maximum amount outstanding during the year was Rs. 184.13 Crores.
- (f) In our opinion and according to the information and explanation available to us, the rate of interest and other terms and conditions are not, prima facie, prejudicial to the interest of the company.
- (g) In respect of loans taken, the principal amount is repayable on demand in accordance with the terms and conditions, and payment of interest has been regular in accordance with such terms and conditions.
- (iv) In our opinion and according to the information and explanations provided to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there were no transactions during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) Based on our scrutiny of the company's records and according to information and explanations provided by the management, in our opinion, the company has not accepted any public deposits so far upto 31st March 2011.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us, the Company's project for setting up a power plant is at start up stage of construction and the Company has not commenced the commercial production and hence maintenance of cost records is not applicable during the year under audit.
- (viii) The Company's activities revolve upon setting up the power plant and it has commissioned two out of the four units in the financial year under review. However, we have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Electricity Generation, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax,

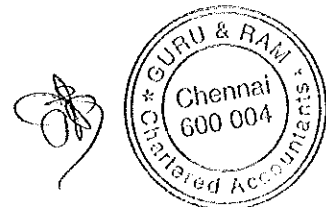


Service Tax, Customs Duty, Cess and other statutory dues applicable to it. No undisputed amounts payable in respect of Provident Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and other statutory dues were outstanding as at 31st March 2011 for a period exceeding six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Provident Fund, Income Tax, Wealth Tax, Sales Tax, Customs Duty and other statutory dues which have not been deposited on account of any dispute other than Service Tax which is as under:

Name of the statute	Nature of Dues	Amount (Rs.)	Period which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	1.97 Crores	March 2009 to July 2009	CESTAT, Mumbai

- (x) The Company has been registered for a period less than five years and hence the paragraph 4 (x) of Order is not applicable to the Company.
- (xi) In our opinion and according to the information and explanations given to us, the Company has made no default in repayment of dues to the Banks.
- (xii) According to the information and explanations available to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore, paragraph 4 (xiii) of Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of investments and timely entries have been made therein. All the investments have been held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) According to the records of the company, the term loans obtained by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations available to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations provided to us, during the year under report, 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.

(xix) According to the information and explanation available to us, no money has been raised by public issues. Therefore, paragraph 4 (xx) of Order is not applicable to the Company.

(xxi) According to the information and explanation available to us, no fraud on or by the Company has been noticed or reported during the year.

Place: Chennai
Date: 28.04.2011

for Guru & Ram
Chartered Accountants
Registration No. 009723S


A. Rajasekaran
Partner
Membership No.: 025549



Wardha Power Company 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			
Shareholders' funds			
Share capital	1	3,961,802,870	2,459,715,193
Share application money		689,107,717	3,003,284,810
Reserves and surplus	2	388,189,440	-
Loan funds			
Secured loans	3	20,633,705,969	17,212,831,182
Unsecured loans	4	1,249,522,983	-
		<u>26,922,328,979</u>	<u>22,675,831,185</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	5	14,594,057,916	792,662,782
Less : Accumulated depreciation		1,386,424,053	49,684,559
Net block		<u>13,207,633,863</u>	<u>742,978,223</u>
Capital work-in progress (including capital advances)	6	12,531,742,052	21,793,004,593
		<u>25,739,375,915</u>	<u>22,535,982,816</u>
Investments	7	129,000,009	10
Deferred tax asset	21(B)8	529,442,014	-
Current assets and loans and advances			
Inventories	8	384,547,710	208,941,405
Cash and bank balances	9	429,026,428	1,067,918,470
Sundry debtors	10	944,587,198	-
Other current assets	11	46,899,733	53,678,804
Loans and advances	12	1,871,140,352	1,645,264,896
		<u>3,676,201,421</u>	<u>2,975,803,575</u>
Less : Current liabilities and provisions			
Current liabilities	13	3,695,814,722	2,800,839,513
Provisions	14	3,098,467	35,115,703
		<u>3,698,913,189</u>	<u>2,835,955,216</u>
Net current assets		(22,711,768)	139,848,359
Profit and loss account		547,222,809	-
		<u>26,922,328,979</u>	<u>22,675,831,185</u>
Significant accounting policies and notes to accounts	21		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date
for Guru & Ram
Chartered Accountants
600 004
A Rajasekarani
Paymer
Membership No. 025549
Firm Registration No: 097235

for and on behalf of the board

K A Sastry
Whole-time Director

S Kishore
Director

M S R Saran Prasad
Company Secretary

Place : Hyderabad
Date : April 28, 2011

Place : Chennai
Date : April 28, 2011

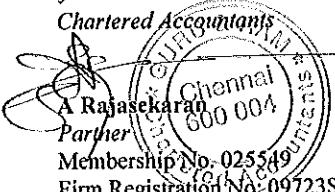
Wardha Power Company Limited
Profit and Loss account for the period from June 05, 2010 to March 31, 2011
(All amounts in Indian rupees, except share data and where otherwise stated)

	Schedule	For the period from June 05, 2010 to March 31, 2011
Income		
Sales	15	3,850,407,081
Other income	16	38,677,293
		3,889,084,374
 Expenditure		
Generation expenses	17	2,532,540,879
Personnel expenses	18	40,467,240
Administration and other expenses	19	237,058,595
Interest and finance charges	20	847,380,757
Depreciation and amortisation	5	1,308,301,726
		4,965,749,197
Profit / (loss) before tax		(1,076,664,823)
Provision for taxation		
- Current tax		-
- Deferred tax charge/(benefit)		529,442,014
Profit / (loss) after tax		(547,222,809)
Balance brought forward		-
Balance carried to Balance Sheet		(547,222,809)
 Earnings/(loss) per share :		
Basic - face value Rs.10 per share - Class A shareholders		(0.00)
Basic - face value Rs.10 per share - Class B shareholders		(2.01)
Diluted - face value Rs.10 per share - Class A shareholders		(0.00)
Diluted - face value Rs.10 per share - Class B shareholders		(2.01)


Significant accounting policies and notes to accounts 21

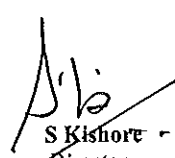
The schedules referred to above form an integral part of the Profit and Loss account.


As per our report of even date
for Guru & Ram

Chartered Accountants

A Rajasekaran
Partner
Membership No. 025549
Firm Registration No. 09723S

for and on behalf of the board


K A Sastry
Whole-time Director


S Kishore
Director

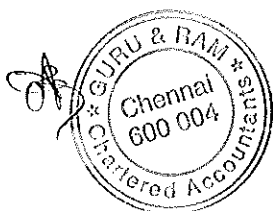

M S R Sarav Prasad
Company Secretary

Place : Hyderabad
Date : April 28, 2011

Place : Chennai
Date : April 28, 2011

Wardha Power Company Limited
Cash Flow Statement for the year ended March 31, 2011
(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	March 31, 2011	March 31, 2010
A. Cash flow from operating activities		
Net profit / (loss) before taxation	(1,076,664,823)	-
Adjustments for:		
Depreciation	1,308,301,726	-
Interest expenditure	847,380,757	-
Dividend income	(516,415)	-
Interest Income	(23,508,337)	-
Operating profit before working capital changes	1,054,992,908	-
Adjustments for:		
Inventories	(175,606,305)	(208,941,405)
Loans and advances	(1,073,904,620)	411,809,278
Sundry debtors	(944,587,198)	-
Current liabilities	859,448,489	(1,136,860,410)
Cash (used in) operations	(279,656,726)	(933,992,537)
Tax paid - net	(36,013,741)	(33,171,682)
Net cash (used in) operating activities	<u>(315,670,467)</u>	<u>(967,164,219)</u>
B. Cash flow from investing activities		
Purchase of fixed assets (including capital work in progress and expenditure during construction, pending allocation)	(3,416,634,263)	(19,192,903,520)
Sale of investments, net	-	100,696,476
Sale of assets, net	5,000	-
Loan advanced, net	298,300,000	120,000,000
Advance for investments	300,000,000	(300,000,000)
Dividend income	619,580	6,265,367
Interest received	62,871,668	120,407,254
Net cash (used in) investing activities	<u>(2,754,838,015)</u>	<u>(19,145,534,423)</u>
C. Cash flow from financing activities		
Proceeds from issue of share capital	-	142,553,993
Receipt of share application money	201,100,000	1,693,708,748
Proceeds from long term borrowings	7,155,311,128	19,541,662,204
Repayment of long term borrowings	(4,250,277,976)	(3,317,892,062)
Proceeds from short term borrowings, net	1,697,481,662	9,379,000,000
Interest paid	(2,371,998,375)	(1,774,283,115)
Net cash from financing activities	<u>2,431,616,439</u>	<u>25,664,749,768</u>
Net increase/(decrease) in cash and cash equivalents	(638,892,042)	5,552,051,127
Cash and cash equivalent - opening balance	1,067,918,470	1,831,353,033
Cash and cash equivalent - transferred to KSK Mahanadi	-	(6,315,485,690)
Cash and cash equivalent - closing balance	429,026,428	1,067,918,470



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Wardha Power Company Limited
Cash Flow Statement for the year ended March 31, 2011
 (All amounts in Indian rupees, except share data and where otherwise stated)

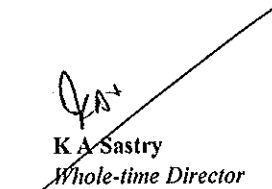
Particulars	March 31, 2011	March 31, 2010
Cash flow statement (contd.....)		
Note to the cash flow statement :		
1. Components of cash and cash equivalents as at		
Cash in hand	282,636	371,332
Balances with scheduled banks		
- in current accounts	212,406,143	104,791,889
- in deposits accounts	216,337,649	962,755,249
	429,026,428	1,067,918,470


2. Previous year figures have been regrouped and reclassified wherever necessary to conform to the current -year classification.
 This is the Cash Flow Statement referred to in our report on even date

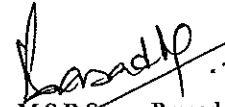
for Guru & Ram
Chartered Accountants

for and on behalf of the board


A Rajasekaran Chennai
Partner
 Membership No. 025549
 Firm Registration No. 09723S


K A Sastry
Whole-time Director


S Kishore
Director


M S R Suran Prasad
Company Secretary
 Place: Hyderabad
 Date : April 28, 2011

Place: Chennai
 Date : April 28, 2011

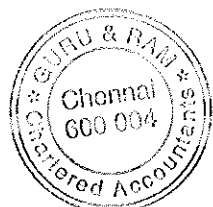
Wardha Power Company Limited
(All amounts in Indian rupees, except share data and where otherwise stated)

Schedules to the Balance Sheet

	As at March 31, 2011	As at March 31, 2010
1 Share capital		
Authorised :		
2,750,000,000 (As at March 31,2010: 2,750,000,000) equity shares of Rs.10/- each .	27,500,000,000	27,500,000,000
250,000,000 (As at March 31,2010: 250,000,000) preference shares of Rs.10/- each.	2,500,000,000	2,500,000,000
	30,000,000,000	30,000,000,000
Issued, subscribed and paid-up :		
Equity shares		
Nil (As at March 31, 2010: 62,500,000) equity shares of Rs.10 each fully paid-up (Refer note 1)	-	625,000,000
95,524,380 (As at March 31, 2010: 3,120,000) class A equity shares of Rs.10 each fully paid-up (Refer note 2)	955,243,800	31,200,000
Nil (As at March 31, 2010: 92,404,380) class A equity shares of Rs.10 each, Rs.1 paid up (Refer note 3)	-	92,404,380
271,875,620 (As at March 31, 2010: 139,339,967) class B equity shares of Rs.10 each fully paid-up (Refer note 4)	2,718,756,200	1,393,399,670
Nil (As at March 31, 2010: 132,535,653) class B equity shares of Rs.10 each, Rs.1 paid up (Refer note 5)	-	132,535,653
0.01% class - A Redeemable preference shares		
28,780,287 (As at March 31, 2010: 18,517,549) 0.01% class-A Redeemable preference shares of Rs.10 each fully paid-up (Refer note 6)	287,802,870	185,175,490
	3,961,802,870	2,459,715,193

Notes

- 1 The above equity shares Nil (As at March 31, 2010: 62,500,000) of Rs 10 each, fully paid up, are held by KSK Energy Ventures Limited.
- 2 Out of the above 47,762,190 (As at March 31,2010: 3,120,000) class A equity shares of Rs.10 each, fully paid up are held by consumers and 47,762,190 class A equity shares (As at March 31, 2010: Nil) of Rs. 10 each, fully paid up are held by KSK Energy Ventures Limited.
- 3 Out of the above class A equity shares Nil (As at March 31, 2010: 67,461,903) of Rs 10 each, Rs 1/-paid up, are held by consumers and Nil class A equity shares (As at March 31, 2010: 24,942,477) of Rs 10 each, Rs 1/-paid up, are held by KSK Energy Ventures Limited.
- 4 Out of the above 271,875,617 class B equity shares (As at March 31, 2010: 139,339,967) of Rs 10 each, fully paid up, are held by KSK Electricity Financing India Private Limited, the holding company.
- 5 Out of the above class B equity shares Nil (As at March 31, 2010: 132,535,650) of Rs 10 each, Rs 1/-paid up, are held by KSK Electricity Financing India Private Limited, the holding company.
- 6 The above 28,780,287 (As at March 31, 2010: 18,517,549) 0.01% class - A redeemable preference shares are held by consumers. These preference shares are redeemable at Rs. 1/-at the end of 20 years from the date of allotment.


Wardha Power Company 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
2 Reserves and surplus		
Security premium		
Opening balance	-	-
Add : On allotment of shares	388,189,440	-
	388,189,440	-
3 Secured loans		
Term loans		
<u>Rupee loans (Refer note a)</u>		
Indian Overseas Bank	1,995,280,448	1,760,615,689
Rural Electrification Corporation Limited	9,339,672,989	5,495,000,000
Housing & Urban Development Corporation Limited	3,116,875,000	2,840,000,000
Bank of India	1,403,833,035	902,979,584
UCO Bank, Banjara hills	1,486,436,631	1,320,406,849
Oriental Bank of Commerce	972,036,066	911,603,428
<u>Foreign currency loans from banks(Refer note b)</u>		
Bank of India	-	3,682,225,632
<u>Working capital loans(Refer note c and d)</u>		
State Bank of India	636,271,804	-
Indian Overseas Bank	379,031,194	-
Oriental Bank of Commerce	556,310,123	-
<u>Other loans(Refer note e)</u>		
From banks	747,958,679	300,000,000
	20,633,705,969	17,212,831,182

Notes:

- (a) First charge pari-passu by way of mortgage on all the Company's immovable properties including land, present and future and by hypothecation of movable properties including movable plant and machinery, machinery spares, tools, accessories and furniture. Pledge of 139,339,967 Equity shares held by KSK Electricity Financing India Private Limited, the holding company.
- (b) Secured by hypothecation of the entire current assets including stocks of raw materials, stores and spare parts, receivables, book debts etc on first exclusive charge basis and a second charge on the securities given for the term loans.
- (c) First pari-passu charge on all fixed and current assets of the Company (existing and future) along with the other member banks/ financial institutions.
- (d) First pari-passu charge on entire current assets of the Company present and future with other member banks and second charge on the assets which are charged to term lenders.
- (e) Secured by pledge of deposits.

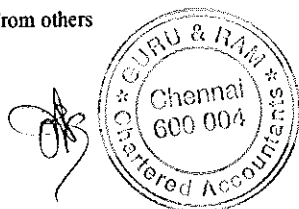
4 Unsecured loans

Short-term loans

From others

1,249,522,983

1,249,522,983

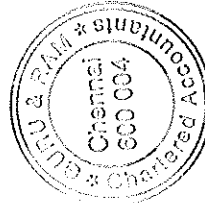


Wardha Power Company Limited
(All amounts in Indian rupees, except share data and where otherwise stated)

Schedules to the Balance Sheet
5 Fixed assets

Particulars	Gross block				Depreciation			Net block	
	As at April 1, 2010	Additions	Deletions / adjustments	As at March 31, 2011	As at April 1, 2010	Depreciation/ adjustments	Deletions	As at March 31, 2011	As at March 31, 2010
Land - free hold and land development	114,774,556	26,647,730	34,075,162	107,347,124	-	-	-	107,347,124	114,774,557
Land - lease hold and land development	576,821,530	131,039,485	-	707,861,015	10,449,537	6,810,819	-	690,600,659	566,371,994
Buildings - plant	-	2,539,773,256	565,813	2,539,207,443	-	182,427,272	18,743	2,356,798,914	-
Buildings - non plant	8,551,193	378,636,478	104,941	387,082,730	131,310	15,283,641	24,443	371,692,222	8,419,883
Plant and machinery	2,154,278	10,733,759,904	1,855,926	10,734,038,256	232,320	1,102,046,824	101,133	9,631,880,245	1,921,958
Furniture and fixtures	11,574,301	1,578,504	-	13,152,805	2,298,541	3,640,869	-	7,213,395	9,275,760
Vehicles	14,517,059	2,611,676	-	17,128,735	2,701,455	5,991,453	-	8,435,827	11,815,604
Office equipment	14,676,236	11,546,834	84,725	26,138,345	2,206,675	4,970,147	1,779	18,963,302	12,469,561
Data processing equipment	9,037,284	3,752,601	-	12,789,885	1,903,612	4,667,816	-	6,218,457	7,133,672
Computer software	40,556,345	8,735,233	-	49,291,578	29,761,109	11,046,751	-	8,483,718	10,795,236
Total	792,662,782	13,838,081,701	36,686,567	14,594,057,916	49,684,559	1,336,885,592	146,098	13,207,633,863	742,978,223
March 31, 2010*	826,781,445	309,135,480	343,254,141	792,662,782	25,398,745	25,351,437	1,065,622	742,978,223	

* Refer note 19 of schedule 21 (B)



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Wardha Power Company 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
6 Capital work in progress		
A. Assets under construction	8,978,151,553	17,829,595,603
B. Expenditure pending allocation		
Project development charges	257,729,512	456,169,790
Professional and legal charges	128,659,957	194,102,857
Employees' cost		
- Salaries and wages	212,257,144	170,184,871
- Contribution to provident and other funds	2,868,182	2,317,404
- Gratuity	4,851,138	3,587,634
- Staff welfare expenses	6,302,231	4,095,383
Finance cost	2,248,899,056	2,646,079,438
Maintenance charges during construction period	177,087,651	63,910,317
Trial run expenses	108,804,826	18,767,926
Recruitment and relocation Expenses	5,900,195	9,061,921
Advertisement expenses	9,606,663	18,723,453
Travelling and conveyance	43,883,035	61,007,850
Insurance charges	53,050,714	76,935,970
Rates and taxes	20,018,560	29,456,895
Rent	38,685,207	23,986,922
Communication charges	4,709,907	5,266,485
Electricity and water charges	8,175,982	18,744,128
Repair and maintenance	20,077,994	17,283,750
Depreciation	49,863,075	49,685,022
Miscellaneous expenses	67,152,336	43,821,050
Fringe benefit tax	694,182	1,386,077
Income tax	74,976,478	153,158,250
Wealth tax	162,855	250,714
<i>Less:</i>		
Interest income	(224,609,162)	(411,656,573)
Other income	(187,127,897)	(367,178,668)
C. Advance against capital contracts	420,910,679	674,260,125
	12,531,742,052	21,793,004,593

7 Investments

Long term investments

Equity shares

(unquoted fully paid up)

1 (March 31, 2010: 1) Equity share of Rs.10/- each in KSK Mahanadi Power Company Limited.

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Investment in subsidiary

(unquoted fully paid up)

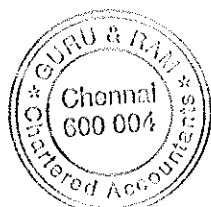
1,70,000 (March 31, 2010: Nil) Equity share of Rs.10/- each in Field Mining and Ispat Limited

128,999,999

-

129,000,009

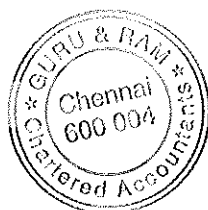
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Wardha Power Company Limited
(All amounts in Indian rupees, except share data and where otherwise stated)

Schedules to the Balance Sheet

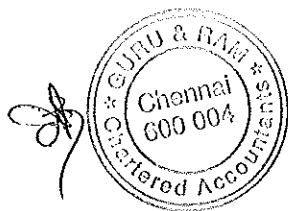
	As at March 31, 2011	As at March 31, 2010
8 Inventories		
Raw material*	218,932,333	184,718,572
Stores and spares*	165,615,377	24,222,833
<i>*(includes material in transit of Rs. 184,361,200)</i>		
	<u>384,547,710</u>	<u>208,941,405</u>
9 Cash and bank balances		
Cash on hand	282,636	371,332
Balances with scheduled banks :		
on current accounts	212,406,143	104,791,889
on deposit accounts *	216,337,649	962,755,249
<i>*The above, Rs.21.63 Crores have been pledged with the banks for availing credit facilities</i>		
	<u>429,026,428</u>	<u>1,067,918,470</u>
10 Sundry debtors <i>(Unsecured, considered good)</i>		
Debts outstanding for a period exceeding six months	607,526,385	-
Other debts	337,060,813	-
	<u>944,587,198</u>	<u>-</u>
11 Other current assets		
Interest receivable	46,899,733	53,678,804
	<u>46,899,733</u>	<u>53,678,804</u>
12 Loans and advances <i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	1,338,471,890	812,170,401
Other advances	216,095,000	364,395,000
Security deposits	306,177,468	162,574,310
Advance income tax <i>(net of provision for tax Rs.112,765,762 (As at March 31, 2010 Rs.42,929,997))</i>	10,395,994	6,125,185
Advance for purchases of investments -KSK Mahanadi Power Company Limited	-	300,000,000
	<u>1,871,140,352</u>	<u>1,645,264,896</u>
13 Current liabilities and provisions		
Current Liabilities		
Sundry creditors		
- Dues to micro and small enterprises	-	-
- Dues to other than micro and small enterprises	3,641,069,509	2,741,094,186
Interest accrued but not due	29,952,902	36,386,218
Other liabilities	24,792,311	23,359,109
	<u>3,695,814,722</u>	<u>2,800,839,513</u>



Wardha Power Company 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
14 Provisions		
Provision for income tax <i>(net of advance tax Rs.Nil (As st March 31, 2010 :Rs.71,466,989))</i>	-	32,391,620
Provision for wealth tax <i>(net of advance tax Rs.1,118,153 (As st March 31, 2010 :Rs.83,869))</i>	60,743	63,780
Provision for gratuity	3,037,724	2,660,303
	<u>3,098,467</u>	<u>35,115,703</u>

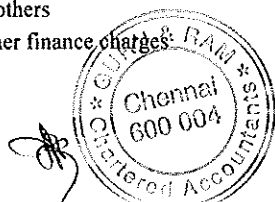


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Wardha Power Company Limited
(All amounts in Indian rupees, except share data and where otherwise stated)

Schedules to the Profit and Loss account

	For the period from June 05, 2010 to March 31, 2011
15 Sales	
Sale of electricity	3,850,407,081
	3,850,407,081
16 Other income	
Interest income	23,508,337
Miscellaneous income	15,168,956
	38,677,293
17 Generation expenses	
Consumption of raw material	2,230,330,654
Operations and maintenance expense	86,065,136
Freight outward	8,562,823
Consumption of stores, spares and consumables	142,310,647
Start up power	42,367,070
Water charges	19,303,760
Repairs and maintenance	
- Plant and machinery	3,600,789
	2,532,540,879
18 Personnel expenses	
Salaries, wages and bonus	34,921,928
Contribution to provident fund and other funds	1,652,475
Staff welfare expenses	3,892,837
	40,467,240
19 Administration, selling and other expenses	
Repairs and maintenance	
- buildings	830,908
- others	9,262,662
Insurance	11,912,368
Selling and distribution expenses	112,172,293
Transmission and electricity charges	30,524,327
Travelling and conveyance	7,921,513
Communication expenses	1,392,709
Rates and taxes	1,752,335
Consultancy and other professional charges	40,499,288
Auditors' remuneration	
- Audit fees	122,726
Printing and stationery	1,240,131
Miscellaneous expenses	19,427,335
	237,058,595
20 Interest and finance charges	
Interest on fixed loans	736,221,511
Interest - others	85,012,287
Bank / other finance charges	26,146,959
	847,380,757



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Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts

A. ACCOUNTING POLICIES

1. Accounting Convention

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles in India (GAAP) and comply with the mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules 2006 (Rules), other pronouncements of the Institute of Chartered Accountants of India (ICAI) to the extent applicable.

2. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure relating to contingent assets and contingent liabilities as on the date of the financial statements and the reported amounts of income and expense during the period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. Revenue recognition

Sale of energy is recognised on accrual basis in accordance with relevant agreements.

Interest is recognised using the time proportionate method, based on the underlying interest rates.

Dividend income is recognised when the right to receive the same is established.

Revenue from sale of scrap is accounted for as and when sold.

4. Operations and maintenance

The Company has entered into Long Term Service Agreement ("LTSA") for operation and maintenance of plant including regular and major maintenance over the term of the agreement. Amounts payable under the agreements are charged to the profit and loss account.

5. Fixed Assets and depreciation

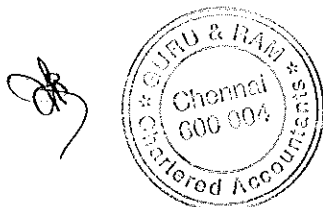
i. Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, insurance, duties and levies and all incidentals attributable to bringing the assets to its working condition for their intended use.

ii. Deposits, payments/liabilities made /incurred provisionally towards compensation, rehabilitation and other expenses relatable to land in possession are treated as cost of land.

iii. Individual assets costing less than Rs.5,000/- have been fully depreciated in the year of purchases on pro-rata basis.

iv. Impairment of Assets – The Company evaluates the carrying amounts of the fixed assets at the end of the every accounting year to determine whether there is any indication of impairment loss. In the event of such impairment, the present value is estimated and the loss, if any, is suitably dealt with in the accounts.

v. Intangible Assets, namely Computer software is recognized as per the criteria specified in Accounting Standard (AS) 26 "Intangible Assets" issued by the Institute of Chartered Accountants of India and is amortised over a period of three years.



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Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts

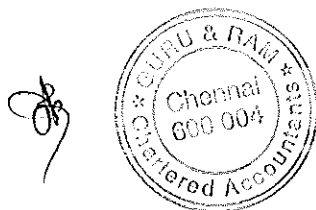
- vi. Depreciation has been provided on written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act 1956 except for assets costing up to Rs.5000 which are fully depreciated in the year of capitalisation. Depreciation is calculated on a pro-rate basis from the date of installation / capitalization till the date the assets are sold or disposed.
- vii. Depreciation on additions / deletions from fixed Assets during the year is charged on pro-rata basis from / up to the date on which the asset becomes available for use.

6. Capital work in progress:

- i. In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as Capital work in progress.
- ii. Assets under installation or under construction as at the Balance Sheet are shown as Capital Work in progress.
- iii. Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.

7. Foreign exchange:

- i. Foreign currency transactions are initially recorded at the rates of exchange ruling at the date of transaction.
- ii. At the Balance Sheet date, foreign currency monetary items are reported using the closing / contracted rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.
- iii. The foreign exchange differences arising on account of the restatement of long-term foreign currency monetary items, related to the acquisition of depreciable capital asset is being capitalized as per the amendment to Accounting Standard (AS)-11 "The effect of changes in foreign exchange rates"
- iv. Exchange differences, in respect of short term foreign currency monetary / long term foreign currency non monetary items relating to fixed assets / capital work in progress are charged to profit and loss account / treated as incidental expenditure during construction till the assets are ready for their intended use.
- v. Forward contracts are entered into to hedge the foreign currency risk of the underlying outstanding at the Balance Sheet date. The premium or discount on all such contracts is amortized as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or expense for the period.
- vi. In relation to the forward contracts entered into to hedge the foreign currency risk of the underlying outstanding at the balance sheet date, the exchange difference is calculated and recorded in accordance with AS-11 (revised). The exchange difference on such a forward exchange contract is calculated as the difference of the foreign currency amount of the contract translated at the exchange at the reporting date, or the settlement date where the transaction is settled during the reporting period and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the profit and loss account / incidental expenses during construction, pending allocation in the reporting period in which the exchange rates change.



Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts

8. Investments:

Current investments are carried at lower of cost and quoted / fair value. Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

9. Borrowing cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying asset are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

10. Employee benefits:

- i. Contribution to the Provident Fund is accounted on accrual basis.
- ii. Gratuity to employees is accounted in accordance with Accounting Standard 15 (revised) "Employee Benefits" based on the actuarial valuation carried out as at the Balance Sheet date.

11. Taxes on income:

Income tax expense comprises current tax and deferred tax.

Current tax

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

Deferred tax

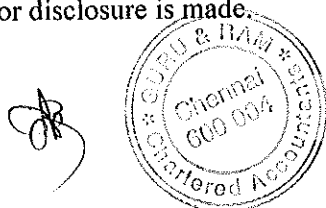
Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially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

Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the account 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 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.

12. Provisions and contingent liabilities

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.



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Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts

Onerous contract

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 recognized 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.

13. Leases

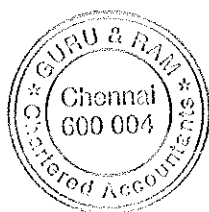
Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and recorded as expense as and when the payments are made over the lease term.

14. Earnings per share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise of the net profit after tax. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares where applicable. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

15. 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 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.



Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

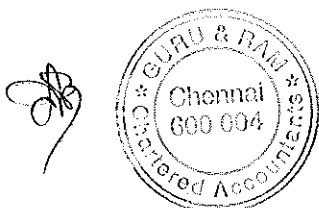
Schedule 21: Significant accounting policies and notes to accounts

B. NOTES TO ACCOUNTS

1. The Company has commissioned the first unit of 135 MW on June 05, 2010 and second unit of 135 MW on September 30, 2010 respectively. Accordingly, the Company, out of the total amount of capital work in progress outstanding as at date of commercial operation, has capitalized an amount of Rs 10,717,617,582 to plant and machinery and Rs 2,918,409,728 to buildings attributable to the first and second unit. A Profit and Loss account has been prepared from the date of commercial operation of first unit.
2. During the current period, the Company on capitalisation of assets have reviewed its accounting policy on depreciation, and has revised its accounting policy of providing for depreciation from the straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 to the written down value method at the Schedule XIV rates. The impact from the application of retrospective change in accounting policy resulted in additional depreciation charge of Rs 9,569,629. Had the Company continued to use the earlier basis of providing depreciation, the charge to the Profit and Loss Account after taxation would have been lower by Rs 855,325,669 and the net block of fixed assets and reserve and surplus would have been higher by Rs 855,325,669
3. **Capital commitment and contingent liabilities:**
 - a) Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances as at March 31, 2011 is Rs.508,868,346 (March 31, 2010: Rs.1,561,039,826).
 - b) Contingent liabilities as at March 31, 2011 is Rs Nil (March 31, 2010: Rs Nil).
 - c) Claim against the company not acknowledged as debt Rs 95,906,120
4. 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.
5. **Borrowing cost**

The borrowing cost attributable to the acquisition or construction of assets amounting to Rs.4,232,146,695 (March 31, 2010: Rs.2,646,079,438) has been capitalised.
6. **Employee benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years of 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.



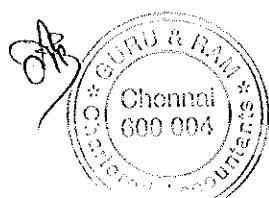
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Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts

Particulars	March 31, 2011	March 31, 2010
Present value of obligation at the beginning of the year	3,614,031	1,478,953
Interest cost	289,122	110,921
Current service cost	6,523,304	2,786,225
Past service cost (non vested benefits)	4,373,411	-
Past service cost (vested benefits)	-	-
Benefits paid	-	-
Actuarial loss/(gain) on obligation	(3,682,723)	(762,068)
Present value of obligation at the end of the year	11,117,145	3,614,031
Fair value of plan assets at the beginning of the year	953,728	682,147
Expected return on plan assets	264,169	70,245
Contributions	3,962,962	196,704
Benefits Paid	-	-
Actuarial gain/(loss) on plan assets	(17,045)	4,632
Fair value of plan assets at the end of the year	5,163,814	953,728
Amounts recognised in the balance sheet		
Present value of obligation as at the end of the year	11,117,145	3,614,031
Fair value of plan assets at the end of the year	(5,163,814)	(953,728)
Funded status	5,953,331	2,660,303
Unrecognised actuarial gain/(Loss)	-	-
Unrecognised past service cost-non vested benefits	(2,915,607)	-
Net asset/(liability) recognised in the balance sheet	3,037,724	2,660,303
Amounts recognized in the statement of profit and loss		
Current service cost	6,523,304	2,786,225
Interest cost	289,122	110,921
Past service cost (non vested benefits)	1,457,804	-
Past service cost (vested benefits)	-	-
Expected return on plan assets	(264,169)	(70,245)
Net actuarial (gain) / loss recognized for the year	(3,665,678)	(766,700)
Expenses recognized in the statement of profit and loss	4,340,383	2,060,201
Principal actuarial assumptions as at balance sheet date		
Discount rate	8%	8%
Salary escalation	15%	15%
Expected return on plan assets	9%	9%
Attrition rate	15%	15%



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Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts

7. The Company is engaged in generation of electrical energy which is considered to be the only reportable segment as per Accounting standard 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India.

8. Deferred tax

Particulars	March 31, 2011	March 31, 2010
Deferred tax asset on carry forward of losses/unabsorbed depreciation	844,168,266	-
Depreciation	(315,711,841)	-
Deferred tax liability /(asset) on gratuity	985,589	-
Deferred tax (asset) / liability – net	529,442,014	-

9. Auditor's remuneration

Particulars	March 31, 2011	March 31, 2010
Audit fees (excluding service tax)	200,000	200,000
Other services (excluding service tax)	350,000	75,000

10. Confirmation were circulated for various debit / credit balances included in the balance sheet. Further, in the opinion of the Board of Directors, the current assets have a value of realization, not less than the value at which they are stated on the Balance Sheet.

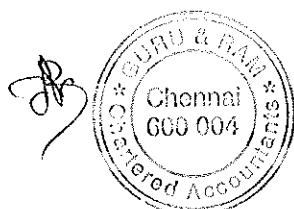
11. Related party Disclosures

A. List of Related Parties:

S.No.	Name of the related party	Nature of relationship
1	KSK Energy Ventures Limited	Step-up holding company
2	KSK Electricity Financing India Private Limited	Holding company
3	Field Mining and Ispats Limited	Subsidiary company
4	KSK Mahanadi Power Company Limited	Fellow subsidiary company
5	KSK Wind Energy Private Limited (formerly Bahur Power Company Private Limited)	Fellow subsidiary company

B. Key Management Personnel

S.No.	Name of the related party	Nature of relationship
1	K A Sastry	Whole-time Director
2	S Kishore	Director
3	Ramesh Kumar	Director
4	C Srinivas	Director



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Wardha Power Company Limited

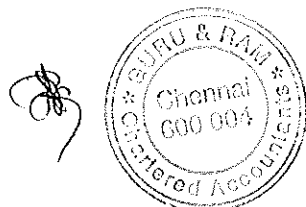
Schedules to the Balance Sheet/ Profit and Loss Account

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

Schedule 21 : Significant accounting policies and notes to accounts

C. Particulars of related party transactions for the year ended March 31, 2011:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
(i) Project development fee :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	44,076,250	-
	44,076,250	-
(ii) Corporate support services fee :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	27,000,000	-
	27,000,000	-
(iii) Interest income :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	-	18,467,480
<i>-Fellow subsidiaries :</i>		
KSK Wind Energy Private Limited	3,098,630	1,816,438
	3,098,630	20,283,918
(iv) Interest expense :		
<i>-Stepup holding company/Holding company :</i>		
KSK Energy Ventures Limited	53,982,253	-
KSK Electricity Financing India Private Limited	879,288	-
	54,861,541	-
(v) Receipt of share application money :		
<i>-Stepup holding company/Holding company :</i>		
KSK Energy Ventures Limited	-	1,091,457,526
KSK Electricity Financing India Private Limited	201,100,000	643,115,079
	201,100,000	1,734,572,605
(vi) Refund of share application money :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	22,819,713	643,115,079
	22,819,713	643,115,079
(vii) Loans / advances given to :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	13,500,000	440,500,000
<i>-Subsidiaries :</i>		
Field Mining and Ispats Limited	1,700,000	-
<i>-Fellow subsidiaries :</i>		
KSK Wind Energy Private Limited	-	300,000,000
KSK Mahanadi Power Company Limited	10,000,000	11,000,000
	25,200,000	751,500,000



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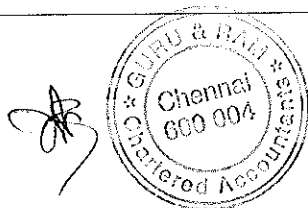
Schedules to the Balance Sheet/ Profit and Loss Account

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

Schedule 21 : Significant accounting policies and notes to accounts

C. Particulars of related party transactions for the year ended March 31, 2011:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
(viii) Refund of the loans advanced from :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	-	440,500,000
<i>-Fellow subsidiaries :</i>		
KSK Wind Energy Private Limited	300,000,000	-
KSK Mahanadi Power Company Limited	-	11,000,000
	300,000,000	451,500,000
(ix) Loans taken from :		
<i>-Stepup holding company/Holding company</i>		
KSK Energy Ventures Limited	1,706,298,371	18,486,557
KSK Electricity Financing India Private Limited	30,000,000	-
	1,736,298,371	18,486,557
<i>-Fellow subsidiaries :</i>		
KSK Mahanadi Power Company Limited	41,353,470	-
	41,353,470	-
(x) Repayment of loan:		
<i>-Stepup holding company/Holding company</i>		
KSK Energy Ventures Limited	484,498,371	18,486,557
KSK Electricity Financing India Private Limited	30,000,000	-
	514,498,371	18,486,557
<i>-Fellow subsidiaries :</i>		
KSK Mahanadi Power Company Limited	38,045,818	-
	38,045,818	-
(xi) Advance from :		
<i>-Fellow subsidiaries :</i>		
KSK Mahanadi Power Company Limited	508,975,342	-
	508,975,342	-
(xii) Commitment Deposits :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	48,700,000	-
	48,700,000	-
(xiii) Advance for Investments :		
<i>-Fellow subsidiaries :</i>		
KSK Mahanadi Power Company Limited	-	300,000,000
	-	300,000,000
(ix) Refund of Advance for Investments :		
<i>-Fellow subsidiaries :</i>		
KSK Mahanadi Power Company Limited	300,000,000	-
	300,000,000	-



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Wardha Power Company Limited

Schedules to the Balance Sheet/ Profit and Loss Account

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

Schedule 21 : Significant accounting policies and notes to accounts

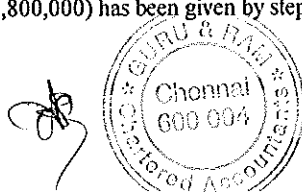
D. Related party transactions - Amount outstanding

Particulars	As at March 31, 2011	As at March 31, 2010
(i) Commitment Deposit (included in loan and advances) :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	48,700,000	-
	48,700,000	-
(ii) Loans taken (included in loan funds and contingent liabilities) :		
<i>-Stepup holding company/Holding company :</i>		
KSK Energy Ventures Limited	1,221,800,000	-
	1,221,800,000	-
(iii) Interest payable (included in loan funds and current liabilities) :		
<i>-Stepup holding company/ Holding company :</i>		
KSK Energy Ventures Limited	27,722,983	-
KSK Electricity Financing India Private Limited	597,580	-
	28,320,563	-
(iv) Project Development fee payable (included in current liabilities) :		
<i>-Stepdown holding company :</i>		
KSK Energy Ventures Limited	16,202,105	-
	16,202,105	-
(v) Other advances (included in current liabilities) :		
<i>-Fellow subsidiaries:</i>		
KSK Mahanadi Power Company Limited	502,282,994	-
	502,282,994	-
(vi) Advance for Investments (included in loans and advances) :		
<i>-Fellow subsidiaries:</i>		
KSK Mahanadi Power Company Limited	-	300,000,000
	-	300,000,000
(vii) Interest Receivable (included in other current assests) :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	-	12,566,923
<i>-Fellow subsidiaries:</i>		
KSK Wind Energy Private Limited	-	1,634,794
	-	14,201,717
(viii) Loans / advances given (included in loans and advances) :		
<i>-Stepup holding company :</i>		
KSK Energy Ventures Limited	13,500,000	-
<i>-Subsidiaries:</i>		
Field Mining and Ispats Limited	16,095,000	-
<i>-Fellow subsidiaries:</i>		
KSK Wind Energy Private Limited	-	300,000,000
	29,595,000	300,000,000

e. Equity held in subsidiaries have been disclosed under " Investment", (Schedule 7).

f. The holding company has pledged certain shares held in the Company as security towards the borrowings of the Company.

g. Corporate guarantees of Rs. 1,670,000,000 (March 31, 2010 Rs. Nil) and Bank guarantees of Rs.391,807,160 (March 31, 2010 Rs.391,800,000) has been given by step up holding company on behalf of the Company.



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Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts

12. Earnings per share:

Calculation of EPS – (basic & diluted)

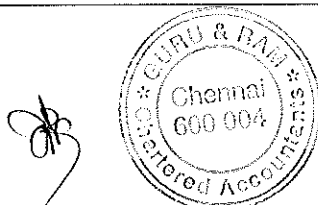
Particulars	March 31, 2011
Nominal value of equity shares (Rs. per share)	10
Weighted average number of equity shares outstanding during the period (used for calculation of basic earnings per share)	
Class 'A'	95,524,380
Class 'B'	271,875,620
Weighted average number of equity shares outstanding during the period (used for calculation of diluted earnings per share)	
Class 'A'	95,524,380
Class 'B'	271,875,620
Profit / (loss) after taxes (amount in rupees)	(547,222,809)
Less : Profit / (loss) attributable to Class A shares	(95,524)
Profit / (loss) attributable to Class B shares	(547,127,285)
Earnings per share	
– basic (Rs.)-	
Class A shareholders	(0.001)
Class B shareholders	(2.012)
Earnings per share	
– diluted (Rs.)-	
Class A shareholders	(0.001)
Class B shareholders	(2.012)

13. Expenditure in foreign currency on accrual basis:

S.No.	Particulars	March 31, 2011	March 31, 2010
1	Travel expenses	257,989	1,689,089
2	Operation and maintenance charges	84,138,307	21,250,876
3	Overseas offshore service contract	40,934,367	141,886,996
4	Other charges	-	23,433
5	Interest on loans	23,027,377	126,225,403

14. Value of imports calculated on CIF basis:

S.No.	Particulars	March 31, 2011	March 31, 2010
1	Raw material	349,785,972	-
2	Components and spares	72,242,984	-
3	Capital goods	15,975,150	5,774,597,688



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Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts

15. Additional information pursuant to Clause 3, 4-C of Part II of Schedule VI of the Companies Act, 1956.

I Fuel and Stores and Spares Consumption

Material	March 31, 2011	
	Quantity in MT/KL	Amount (Rs)
Fuel – Coal – Indigenous		2,106,898,550
Fuel – Coal – Imported		123,432,104
Fuel – Light Diesel Oil and High Furnace Oil	622,050	103,224,240
Stores and Spares – Indigenous	20,050	28,136,849
Stores and Spares – Imported	3,268	10,920,635
Total	645,368	2,372,612,378

II Licensed capacity, installed capacity, actual production and sales

Particulars	March 31, 2011
Licensed capacity (MW)	540
Installed capacity (MW)	270*
Actual production(million KWH)	895.73
Units sold (million KWH)	745.85

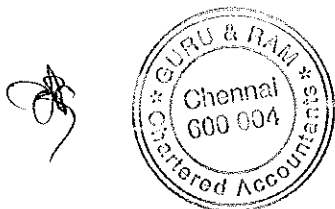
16. Additional information pursuant to paras 3, 4, and 4-A of part II of Schedule VI to the Companies Act, 1956 to the extent either “Nil” or “Not Applicable” has not been furnished.
17. Pursuant to the notification issued by Ministry of Corporate Affairs dated 31 March, 2009, the Company has opted for the option of adjusting the exchange difference on long term foreign currency monetary items to the cost of fixed assets acquired out of these long term foreign currency monetary items. Accordingly, the Company has capitalized the foreign exchange differences amounting to Rs.605,452,424 (As at March 31, 2010 Rs.599,530,843) on restatement of long term foreign currency monetary items, relate to the acquisition of depreciable capital assets.

18. Operating Leases:

The company has entered in to certain operating lease agreements. An amount of Rs.13,513,370 (March 31, 2010: Rs.10,161,463) 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 Obligations		
Within one year of the balance sheet date	-	4,050,000



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Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts

19. Derivative instruments and unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure:

Particulars	March 31,		March 31,	
	2011		2010	
Import Creditors (including retention money)	Rs.1,547,925,259	US \$34,021,514	Rs.1,674,583,799	US \$ 37,188,099
		Euro 52,869		-
Loans	-	-	Rs.3,682,225,632	US \$ 81,772,550
Interest on loans	-	-	Rs.14,179,039	US \$ 314,879

20. Demerger of an undertaking of the Company to KSK Mahanadi Power Company Limited under Scheme of Arrangement under section 391 To 394 read with sections 100 To 103 of the Companies Act, 1956.

A scheme of arrangement was filed with the Hon'ble High Court of Andhra Pradesh at Hyderabad to demerge a 3,600 MW power generating facility at Nariyara, Janjgir-Champa district, in the state of Chhattisgarh (Demerged Undertaking) to KSK Mahanadi Power Company Limited with an appointed date of August 01, 2009. The Hon'ble High Court of Andhra Pradesh at Hyderabad approved the scheme on February 26, 2010. The scheme became effective on March 31, 2010.

As the scheme has become effective with effect from the appointed date for demerger, the Demerged Undertaking stands transferred to and vest in as a going-concern to KSK Mahanadi Power Company Limited at its book values. Accordingly, assets and liabilities of demerged undertaking have been transferred to KSK Mahanadi Power Company Limited and in consideration of the transfer in terms of the scheme:

- Each of the shareholders holding Class-A equity shares in the Company paid a nominal consideration of Re. 1/- in full and final settlement of their claims,
- KSK Energy Ventures Limited (Holding Company), was allotted 6,25,00,000 Equity Shares of Rs. 10 each of KSK Mahanadi Power Company Limited in lieu of 6,25,00,000 Equity Shares in the Company; and
- KSK Electricity Financing India Private Limited was allotted 1 Equity Share of Rs.10 each of the Transferee Company.

As per the provisions of the Scheme, the results of the operations of business of the Demerged Undertaking for the period from the appointed date for demerger (August 1, 2009) till the effective date (March 31, 2010) of the scheme, have also vested in KSK Mahanadi Power Company Limited. Accordingly necessary effects in respect of above have been given in the books of accounts of the company during the year. The following are the details of the assets and liabilities transferred:



Wardha Power Company Limited
Schedules to the Balance Sheet / Profit and Loss Account

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

Schedule 21: Significant accounting policies and notes to accounts


S.No	Assets/Liabilities	As at July 31, 2009
1	Fixed assets	333,755,350
	Less: Accumulated depreciation	1,065,160
	Net block	332,690,190
2	Capital work-in progress (including Capital advances)	14,692,526,073
3	Cash and bank balances	6,315,485,690
4	Other current assets	76,829,644
5	Loans and advances	508,966,030
6	Current liabilities and provisions	127,559,366
7	Share application money	12,768,515,000
8	Loan funds	8,405,423,263

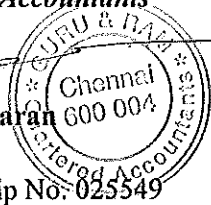
21. Previous year figures have been regrouped and reclassified wherever necessary to conform to the current period classification.

As per Report of even date

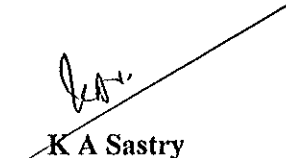
for **Guru & Ram**

Chartered Accountants

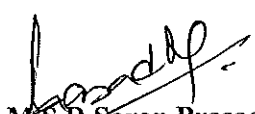

A. Rajasekaran
Partner
 Membership No: 025549
 Firm Registration No 09723S



for and on behalf of the Board


K A Sastry
Whole-time Director


S Kishore
Director


M S R Saran Prasad
Company Secretary

Place: Chennai
 Date : April 28, 2011

Place: Hyderabad
 Date: April 28, 2011

I. Registration Details

Registration No.

U	4	0	1	0	9	A	P					
2	0	0	5	P	L	C	0	4	7	9	1	7

 State Code No.

0	1
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(Refer Code List)

Balance Sheet Date

3	1	0	3	2	0	1	1
Date		Month		Year			

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

Public Issue	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Right Issue	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L				
N	I	L											
N	I	L											
Bonus Issue	<table border="1"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	* Private Placement	<table border="1"><tr><td>1</td><td>5</td><td>0</td><td>2</td><td>0</td><td>8</td><td>8</td></tr></table>	1	5	0	2	0	8	8
N	I	L											
1	5	0	2	0	8	8							

* Includes fresh allotment of preference shares and conversion of partly paid up equity shares to fully paid up.

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

Total Liabilities	<table border="1"><tr><td>2</td><td>6</td><td>9</td><td>2</td><td>2</td><td>3</td><td>2</td><td>9</td></tr></table>	2	6	9	2	2	3	2	9	Total Assets	<table border="1"><tr><td>2</td><td>6</td><td>9</td><td>2</td><td>2</td><td>3</td><td>2</td><td>9</td></tr></table>	2	6	9	2	2	3	2	9
2	6	9	2	2	3	2	9												
2	6	9	2	2	3	2	9												
Sources of Funds																			
Paid-up Capital	<table border="1"><tr><td>3</td><td>9</td><td>6</td><td>1</td><td>8</td><td>0</td><td>3</td></tr></table>	3	9	6	1	8	0	3	Reserves & Surplus	<table border="1"><tr><td>3</td><td>8</td><td>8</td><td>1</td><td>8</td><td>9</td></tr></table>	3	8	8	1	8	9			
3	9	6	1	8	0	3													
3	8	8	1	8	9														
Secured Loans	<table border="1"><tr><td>2</td><td>0</td><td>6</td><td>3</td><td>3</td><td>7</td><td>0</td><td>6</td></tr></table>	2	0	6	3	3	7	0	6	Unsecured Loans	<table border="1"><tr><td>1</td><td>2</td><td>4</td><td>9</td><td>5</td><td>2</td><td>3</td></tr></table>	1	2	4	9	5	2	3	
2	0	6	3	3	7	0	6												
1	2	4	9	5	2	3													
Application of Funds																			
Net Fixed Assets	<table border="1"><tr><td>2</td><td>5</td><td>7</td><td>3</td><td>9</td><td>3</td><td>7</td><td>6</td></tr></table>	2	5	7	3	9	3	7	6	Investments	<table border="1"><tr><td>1</td><td>2</td><td>9</td><td>0</td><td>0</td><td>0</td></tr></table>	1	2	9	0	0	0		
2	5	7	3	9	3	7	6												
1	2	9	0	0	0														
Net Current Assets	<table border="1"><tr><td>-</td><td>2</td><td>2</td><td>7</td><td>1</td><td>2</td></tr></table>	-	2	2	7	1	2	Misc. Expenditure	<table border="1"><tr><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td></tr></table>	-	-	N	I	L	-	-			
-	2	2	7	1	2														
-	-	N	I	L	-	-													
Accumulated Losses	<table border="1"><tr><td>5</td><td>4</td><td>7</td><td>2</td><td>2</td><td>3</td></tr></table>	5	4	7	2	2	3	Deferred tax asset	<table border="1"><tr><td>5</td><td>2</td><td>9</td><td>4</td><td>4</td><td>2</td></tr></table>	5	2	9	4	4	2				
5	4	7	2	2	3														
5	2	9	4	4	2														

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

Turnover	<table border="1"><tr><td>3</td><td>8</td><td>8</td><td>9</td><td>0</td><td>8</td><td>4</td></tr></table>	3	8	8	9	0	8	4	Total Expenditure	<table border="1"><tr><td>4</td><td>9</td><td>6</td><td>5</td><td>7</td><td>4</td><td>9</td></tr></table>	4	9	6	5	7	4	9
3	8	8	9	0	8	4											
4	9	6	5	7	4	9											
Profit/Loss before tax	<table border="1"><tr><td>-</td><td>1</td><td>0</td><td>7</td><td>6</td><td>6</td><td>5</td></tr></table>	-	1	0	7	6	6	5	Profit/Loss after tax	<table border="1"><tr><td>-</td><td>5</td><td>4</td><td>7</td><td>2</td><td>2</td><td>3</td></tr></table>	-	5	4	7	2	2	3
-	1	0	7	6	6	5											
-	5	4	7	2	2	3											
<i>(please tick appropriate box + for profit, - for loss)</i>																	
Earning per Share class A in Rs.	<table border="1"><tr><td>-</td><td>0</td><td>.00</td></tr></table>	-	0	.00	Dividend rate %	<table border="1"><tr><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td></tr></table>	-	-	N	I	L	-	-				
-	0	.00															
-	-	N	I	L	-	-											
Earning per Share class B in Rs.	<table border="1"><tr><td>-</td><td>2</td><td>.01</td></tr></table>	-	2	.01													
-	2	.01															

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

Item Code No. (ITC Code)

-	-	-	N	A	-	-	-	-
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Product Description

G	E	N	E	R	A	T	I	O	N
O	F	P	O	W	E	R			

for and on behalf of the Board


K A Sastry
Whole Time Director


S Kishore
Director