



KSK Energy Ventures Limited



Annual Report

2011-12



Mr. T.L. Sankar
Chairman

BOARD OF DIRECTORS



Mr. S.R. Iyer
Non-Executive Director



Mr. Girish Kulkarni
Non-Executive Director



Mr. Anil Kumar Kutty
Non-Executive Director



Mr. K. Bapi Raju
Non-Executive Director



Mr. Tanmay Das
Non-Executive Director

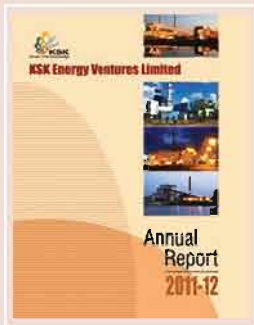


Mr. K.A. Sastry
Whole-time Director



Mr. S. Kishore
Whole-time Director





**Araameta
Captive Power,
Chhattisgarh**



**Sal Regency Power,
Tamilnadu**



**Sitapuram Power,
Andhra Pradesh**



**VS Lignite Power,
Rajasthan**



Highlights

Chairman's Statement	2
Highlights of the Year	5

Governance

Directors' Report	8
Management Discussion and Analysis	14
Report on Corporate Governance	28

Financial Statements

STANDALONE FINANCIALS

Auditor's Report	41
Balance Sheet	44
Profit and Loss Statement	45
Cash Flow Statement	46
Notes to Financial Statements	48

CONSOLIDATED FINANCIALS

Consolidated Auditor's Report	74
Consolidated Balance Sheet	76
Consolidated Profit and Loss Statement	77
Consolidated Cash Flow Statement	78
Notes to Consolidated Financial Statements	80

Notice	115
Corporate Information	120





Chairman's Statement

T.L. Sankar
Chairman

Dear Shareholders,

The year 2011-12 is an extraordinary year of contrasts for the Indian power generation sector. While the year witnessed the highest ever capacity addition for the country in a single year of c.20 GW the average Plant Load Factor ("PLF") of thermal power plants across the country has come down below 75% reflecting the policy asymmetries and paralysis in addressing various issues. Similarly, while attempting to address utility financials through distribution tariff reforms coupled with competitive procurement, parallel attempts to restructure and rewrite existing power purchase agreements of a few developers to accommodate high cost imported fuel pass-through has brought in new challenge on responding to the worsening utility financials.

While an ambitious capacity addition target of 75 GW over the next 5 years has been set, the limited effort is on to enhance production of low cost domestic coal and gas exploitation and supplies resulting in power lenders being driven to restructuring of their loan portfolios. The developer challenges, while acute, the solutions look very simple - addressing the fuel security with flexible approach on asset build on ground for strong and power generation assets.

I am pleased to report that the financial year under review has been successful for the business given that the year has been one of the most turbulent times of the power sector in India and Indian economy as a whole in the recent past. The significant drop in economic growth rate accompanied by currency depreciation of over c.15%, with further depreciation of c.11% during the first 3 months of the current year, has led to large scale earnings' volatilities despite strong underlying operational performance.

Further, with government delays in granting environmental permits and sluggish coal and natural gas production across the country, large sized generation units have been affected, with major efforts now needed by developers to synchronize planned generation capacities with fuel supplies.

Thermal Energy

The company is currently operating 881 MW of generation capacity with an additional 3600 MW KSK Mahanadi power project with 6 units of 600 MW each under advanced construction and the first two units expected to be commissioned during the calendar year of 2013. It is my firm belief that with commencement of power generation and with completion of all the six units in 2014, the company will be one of the largest single location green field projects in India and would join the league of the largest private power project developers in India albeit with a difference that a large part of the operational capacity would be based on dedicated access to domestic coal resources, with only marginal deficits and incremental gaps being bridged by imported coal.

While resolution of the Morga-II or supplies from alternate block has been slower than anticipated, recent development indicate that these would be addressed during the course of the current year. However, on the immediate term requirements, the Company is working on a combination of (1) coal supplies from Gare-Pelma coal block that has been allotted to GIDC (2) tapering coal linkage supplies from South Eastern Collieries and (3) imported / market coal to bridge any temporary deficits.

Also, the Company has been successful in leveraging the technical and financial strength of other group companies

especially with respect to setup of various ancillary infrastructure that support the power generation assets being developed by the Group, more specifically, the KSK Mahanadi Power project. Notable progress has been achieved in the water infrastructure, rail infrastructure, supporting coal transportation needs and the mine development initiatives related to the KSK Mahanadi project and each of such projects are being pursued by associate / fellow subsidiary companies of the larger KSK group.

Insofar as operational capacities, significant achievements during the period include execution of fuel supply agreement and commencement of coal supplies from Western Coal Fields under cost plus coal arrangement as well as obtaining open access for power supplies. With these developments, we anticipate the "PLF" of 60% during 2011-12 would substantially improve during the ensuing year and enable us to operate on sound financial basis to enable continuing cash flows being generated in Wardha Warora.

Sai Regency, the gas based power plant of the group has continued to provide exceptional performance on PLF and financial parameters during the current year. VS Lignite, the lignite power plant of the group has also recorded good PLF performance although with moderate financial performance. Arasmeta, the captive power plant with two units of 43 MWs has recorded low performance both on PLF and financial parameters primarily on account of the captive consumer not consuming contracted power from the expansion unit. In addition to taking up appropriate remedies, we anticipate that industrial customers, who have been experiencing extremely high alternate tariffs from local utilities, would find our power plant tariffs from the plants attractive and perform their obligations under their respective PPAs providing the much required sustainability to the underlying project companies.

Renewable Energy

The Company's foray into hydro power generation is marked more by completion of the necessary detailed project reports and geo technical studies for the larger hydro opportunities in the State of Arunachal Pradesh. The Group continues its efforts for collaboration with large

reputed hydro power plant developers to move forward to the next stage of development and capital commitment of these large hydro initiatives.

The solar energy generation initiative of the Group has acquired a new thrust with recent securing of a project award for setup of c.10 MW of solar power generation plant in the State of Rajasthan under the Jawaharlal Nehru National Solar Mission with power purchase agreement with the prescribed nodal agency. We anticipate construction of this plant in the current financial year and that would strengthen the renewable initiatives of the Group.

As regards wind power generation initiatives, the Group had 52 MW of earlier technology small size wind energy generators along with 18.9 MW of new generation individual turbines of 2.1 MW each in the Sai Regency. The group has divested the 52 MW and intends to focus on greenfield projects with higher PLF potential. While efforts have been initiated to procure wind energy generators at competitive prices, including from China, the Group continues to acquire concessions directly and setup the wind farms in collaboration.

Sustainability Initiatives

It is important to highlight that none of the above progress is either meaningful or sustainable unless the same is coupled with larger perspective of being an exemplary organization effectively contributing to the communities where we construct and operate our asset with a longer term outlook for our various stakeholder at large.

While the Group continues to promote Community Leadership that primarily focuses on the thrust areas of Education, Socio-Economic Empowerment, Infrastructure Development and Cultural & Social Contribution, the Group during the year has initiated large scale collaboration that would build healthy and sustainable communities wherever the business activities are pursued in the longer term but also provide immediate term interventions that seek to change the conventional approaches to infrastructure provision for the poor on a low cost and sustainable basis.

In addition to immediate term interventions, the

requirement for premier medical facilities with comprehensive diagnostic, in-patient and surgical facilities to provide tertiary treatments while simultaneously supporting the primary healthcare centres that support immediate project neighborhood has been reinforced in the context of increasing incidences of such ailments in the country generally as well as lack of any such appropriate facilities currently within the surroundings of the project locations. With extensive foot print of projects (both power generation and support infrastructure) in terms of size across the State of Chhattisgarh, the Group has drawn a blue print and master plan for focused sustainability initiatives in the area of health care - both primary health care support centers at each of our project locations in Chhattisgarh and a master Tertiary Healthcare facility at Raipur, the capital of Chhattisgarh.

It is our belief that upon successful completion of these initiatives, the Group would have demonstrated truly unique models of sustainability and community support initiatives that would truly bring 'dignity to human life'.

Outlook

Despite continual business progress and sustained business operations as well as an open offer process under SEBI Substantial Acquisition and Takeover Regulations (SAST Regulations) has been completed by the promoter group by acquiring additional 20% of the Company and promoter holding aggregating to 74.94% in the Company during the year under review, the price performance of the Company's stock on the stock exchanges has not been highly encouraging.

The coming years are crucial for the power sector in the country as there are new challenges, of course, coupled with new opportunities. It is a fact that any organization will be able to prosper or survive only if it is able to survive emerging trends and is capable of transforming itself continuously on the ground to meet the new challenges and address them decisively.

While the economic outlook in the short and medium term is challenging and fraught with uncertainties, the Indian

economic growth potential and unfulfilled demand for power generation in India is expected to continue through the coming decade. With increasing shortages of supplies from Coal India, we expect only Indian power generators who have been successful in securing their fuel supplies would pass through this phase successfully and in fact, will have an opportunity to outlive these tumultuous times.

It is anticipated that with all these initiatives, KSK is well positioned in this regard. The reasonably sized effective operation asset base coupled with the 3.6 GW project under execution, the Company would have demonstrated its ability to respond effectively. In the coming year, the Company will continue to look for the most efficient forms of debt financing for the Company and its operations.

I thank you for your continued encouragement, trust, tremendous support and faith shown in your Company, which allowed us to create value for your Company. It would be our endeavor to ensure that the Company evolves into one of the India's largest diversified power developers.

I also express my gratitude to all my colleagues on the Board for their continued support. I also convey my sincere gratitude to different Governmental Agencies and Authorities at the Centre and States and to Regulatory Authorities, Lending Institutions and the Shareholders for their consistent support. I also thank every employee of the Company for their contribution to the growth of the Company.

"The great thing in the world is not so much where we stand, as in what direction we are moving" said, Oliver Wendell Holmes the renowned American physician and poet. We have to look to the future with optimistic attitude and we are aware that we are currently operating in a highly challenging environment.



T.L. Sankar
Chairman

Highlights of the Year

- Consolidated Revenue from Sale of Energy stood at **Rs 19,066** million, registering a growth of **88%**.
- Units Generated - **4,862** million in 2011-12 v/s 2,793 million in 2010-11.
- EBIDTA up by **52%** to **Rs 8,695** million.
- Investment in net fixed assets and capital work in progress (including capital advances) stood at **Rs 130,600** million.
- KSK Mahanadi of 3600 MW under active construction.
- Construction progress underway with commissioning priority for first two units along with common infrastructure.
- Good progress with respect to support facilities of railway transport Infrastructure and water infrastructure in addition to supporting mine development.
- **10 MW** Solar power generation project initiated and advance action on new generation wind power projects.
- Hydro opportunities - potential collaboration for taking up next stage of development.



Our Presence

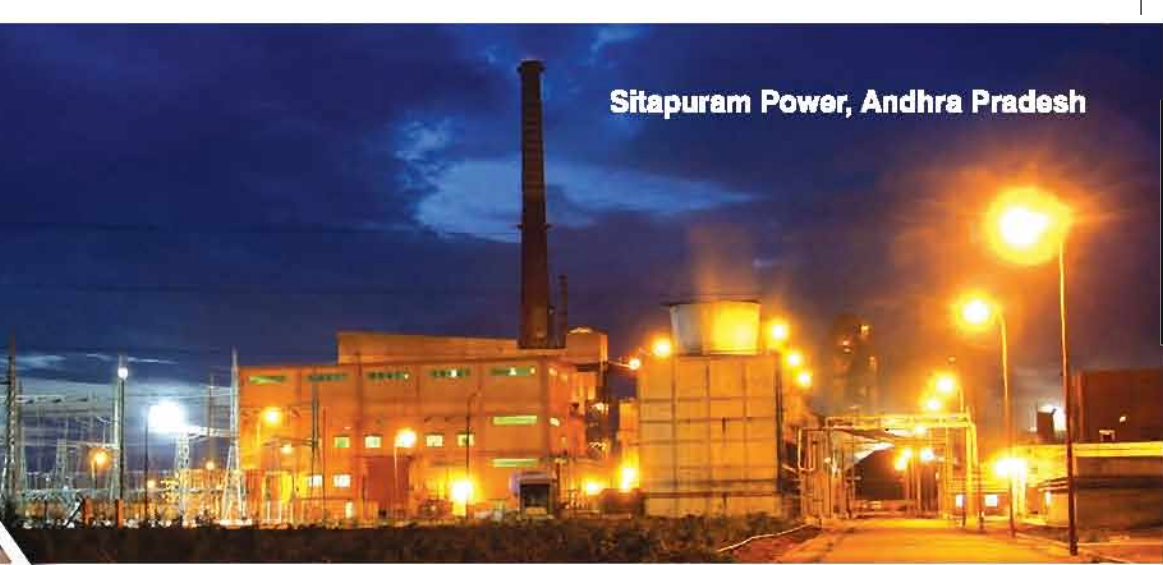
Wardha Power, Maharashtra



- Power Plants in Operation
- Power Plants under Construction
- Power Plants under Planning

Wardha Power, Maharashtra

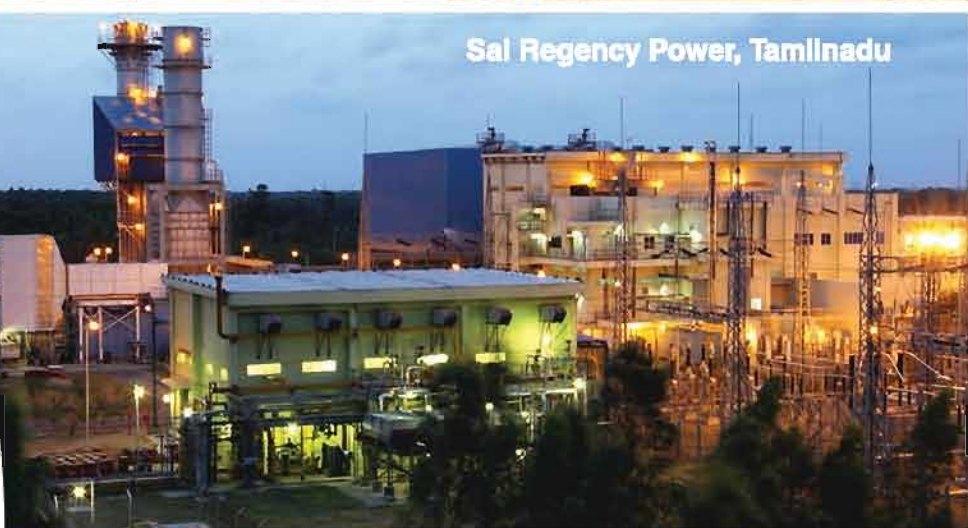




Sitapuram Power, Andhra Pradesh



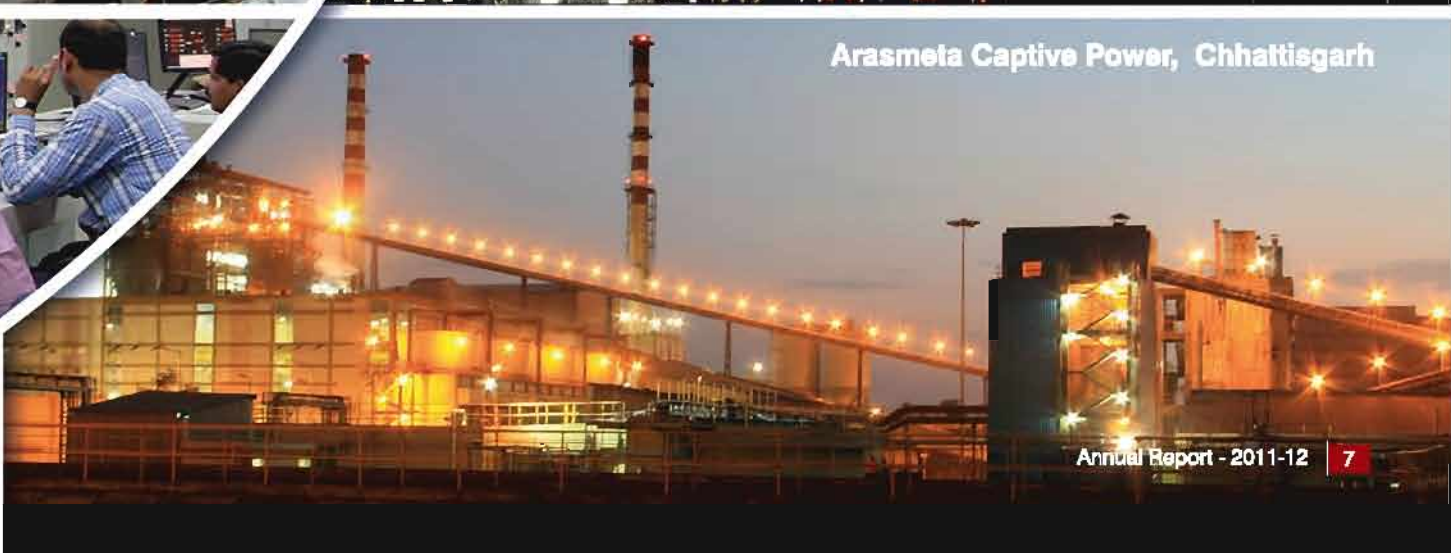
KSK Mahanadi Power, Chhattisgarh



Sal Regency Power, Tamilnadu



VS Lignite Power, Rajasthan



Arasmeta Captive Power, Chhattisgarh

DIRECTORS' REPORT

Dear Shareholders,

The Directors have the pleasure in presenting the Twelfth Annual Report together with the audited statements of accounts for the year ended 31 March 2012.

STANDALONE FINANCIAL RESULTS

The standalone financials are briefly summarized below:

	(Rs. in Million)	
	2011-12	2010-11
Income	687.55	1,064.00
Expenditure	(266.05)	(495.29)
Depreciation	(32.57)	(81.26)
Exceptional items	(291.93)	-
Profit before tax	97.00	487.45
Tax expense	91.63	152.46
Profit after tax	5.37	334.99
Surplus brought forward from previous year	3,616.92	3,328.45
Amount available for appropriations	3,622.29	3,663.44
Preference dividend and dividend tax thereon	93.17	46.52
Surplus carried over	3,529.12	3,616.92
Earnings/(loss) Per Share (Rs.) - basic and diluted	(0.24)	0.77

During the year under review, the turnover of the Company is Rs. 688 million as against Rs. 1,064 million in the previous year. The profit before tax amounted to Rs. 97 million as against Rs. 487 million for the previous year. The profit after tax is Rs. 5 million as against Rs. 335 million in the previous year. The decrease is mainly attributable to lower project development fee, as substantial part of the development activity of 3600 MW Chhattisgarh project has been completed. Moving forward, the Group performance would significantly be based on operational performance of the underlying power projects.

CONSOLIDATED FINANCIAL RESULTS

During the year 2011-12, the Group has achieved an overall consolidated turnover of Rs. 20,593 million.

	(Rs. in Million)	
	2011-12	2010-11
Income	20,592.79	11,592.64
Operating expenses (excluding interest and depreciation)	(12,821.19)	(5,880.94)
Exceptional items	923.52	-
Earnings before interest, tax and depreciation (EBITDA)	8,695.12	5,711.70
Finance cost	(5,388.72)	(2,560.55)
Depreciation	(2,163.30)	(1,223.81)
Profit before tax	1,143.10	1,927.34
Tax expense/(income)	(359.97)	(352.32)
Profit after tax	1,503.07	2,279.66
Minority interest	189.50	462.14
Profit for the year after minority interest	1,313.57	1,817.52
Surplus brought forward from previous year	5,919.35	4,148.35
Amount available for appropriations	7,232.92	5,965.87
Preference Dividend including Tax	93.17	46.52
Surplus carried over	7,139.75	5,919.35
Earnings per share (Rs.) - basic and diluted	3.28	4.75

The consolidated income of the Group has increased to Rs. 20,593 million from Rs.11,593 million registering a growth of 78%. The EBITDA amounted to Rs. 8,695 million as against Rs.5,712 million for the previous year registering a growth of around 52%. The profit after tax has decreased to Rs.1,503 million from Rs. 2,280 million in the previous financial year. The profit after tax is mainly decreased due to increase in financial costs as against the previous year.

DIVIDEND

The members are aware that the Company is currently involved in implementation of various projects and more specifically the 3600 MW power project through its downstream subsidiary which is one of the largest single location Greenfield project by private enterprise anywhere in India. In order to meet the investment requirements for various ongoing projects, which will contribute to the shareholders' wealth in the long term, the Directors have not recommended any Dividend to the equity shareholders for the financial year 2011-12.

As per the terms of issue and as approved by the shareholders, the Company had paid dividend on 8% Cumulative Redeemable Preference Shares of Rs. 10/- each issued to L&T Infrastructure Finance Company Limited.

REVIEW OF OPERATIONS

KSK Energy Ventures Limited (KSK) is a power project development company in India with experience in developing and operating multiple power plants across India. KSK operates in the power generation business and is well positioned with long-term fuel access to its power plants.

KSK presently has operational power plants capable of generating 881 MW of power and further actively involved in construction of 3600 MW KSK Mahanadi Power project.

PRINCIPAL POWER ASSETS

KSK's current principal power projects are as follows:-

Operational power plants

- Arasmeta, a 86 MW coal based power plant in Chhattisgarh;

- Sai Regency, a 58 MW natural gas based power plant and 18.9 MW wind power project in Tamilnadu;
- Sitapuram, a 43 MW coal based power plant in Andhra Pradesh;
- VS Lignite, a 135 MW lignite based power project in Rajasthan; and
- Wardha Warora, a 540 MW coal based power project in Maharashtra.

Power projects under construction

- KSK Mahanadi, a 3,600 MW coal based power project in Chhattisgarh.

REVIEW OF BUSINESS

Further, the operational and financial performance for the financial year 2011-12 of each of the various power plants has been outlined in the section titled "Management Discussion and Analysis Report".

CORPORATE GOVERNANCE

The Company's Report on Corporate Governance is attached to and forms part of this Report. Certificate from the Statutory Auditors of the Company M/s. Umamaheshwara Rao & Co., Chartered Accountants confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

The Company has taken adequate steps for strict compliance with the Corporate Governance guidelines, as amended from time to time.

DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A separate Management Discussion and Analysis Report is also attached to and forms part of this report.

PUBLIC DEPOSITS

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under during the financial year under review.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. K Bapi Raju, Mr. Tanmay Das and Mr.S.R.Iyer Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

SUBSIDIARIES

As at the end of the year, the Company had the following subsidiaries:

1. KSK Electricity Financing India Private Limited;
2. Arasmeta Captive Power Company Private Limited;
3. Sai Regency Power Corporation Private Limited;
4. VS Lignite Power Private Limited;
5. Wardha Power Company Limited;
6. KSK Wardha Infrastructure Private Limited;
7. KSK Wind Energy Private Limited;
8. KSK Vidarbha Power Company Private Limited;
9. Sai Maithili Power Company Private Limited;
10. KSK Narmada Power Company Private Limited;
11. KSK Dibbin Hydro Power Private Limited;
12. Kameng Dam Hydro Power Private Limited;
13. J R Power Gen Private Limited;
14. KSK Mahanadi Power Company Limited;
15. KSK Upper Subansiri Hydro Energy Private Limited;
16. Field Mining and Ispats Limited;
17. KSK Dinchang Power Company Private Limited;
18. KSK Jameri Hydro Power Private Limited;
19. Tila Karnali Hydro Electric Company Private Limited

CONSOLIDATED FINANCIAL STATEMENTS

Vide General Circular No.: 2/20 dated February 8, 2011, the Ministry of Corporate Affairs, Government of India has granted a general exemption to companies from attaching the Balance Sheet, Profit and Loss Statement and other documents referred to in Section 212(1) of the Act in respect of its subsidiary companies, subject to fulfillment of the conditions mentioned therein. Accordingly, the said documents are not being attached with the Balance Sheet of the Company. A gist of the financial performance of the subsidiary companies is contained in the report. The Annual Accounts of the subsidiary companies are open for inspection by any member / investor and the Company will make available these documents / details upon request by any Member of the Company on to any investor of its subsidiary companies who may be interested in obtaining the same. Further, the Annual Accounts of the subsidiary companies will be kept open for inspection by any investor at the Company's Head Office.

In terms of Clause 32 of the Listing Agreement with the Stock Exchanges and as prescribed by Accounting Standard 21 notified by the Government of India under Section 211(3C) of the Companies Act, 1956, the Audited Consolidated Financial Statements duly audited by Statutory Auditors are annexed.

AUDITORS

M/s. Umamaheswara Rao & Co, Chartered Accountants, Hyderabad, Auditors of the Company will retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. As regards the accounts and notes thereof, the same are self explanatory and do not require further explanation.

COST AUDITORS

Pursuant to Section 233B of the Companies Act, 1956 read with the Order dated 2nd May, 2011 issued by Cost Audit Branch, Ministry of Corporate Affairs, the Company has appointed M/s. S.S. Zanwar & Associates, Cost Accountants, as Cost Auditors to audit the cost accounts in respect of financial year 2011-12. The due date of filing of Cost Audit Report by the Cost Auditors is 180 days from the closing of respective financial year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Conservation of Energy : Not applicable
- b) Technology Absorption : Not Applicable
- c) Foreign Exchange Earnings and Outgo :

	(Rs. in Million)	
	2011-12	2010-11
Foreign Exchange earnings	-	-
Foreign Exchange Outgo	0.62	4.97

PERSONNEL & INDUSTRIAL RELATIONS

Relations between employees and the management continued to be cordial during the year. The Human Resource Department is committed in its quest to improve and maintain employee morale and satisfaction at all levels.

Particulars of Employees: The particulars of employees as required to be disclosed pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and the accounts are being sent to all the shareholders excluding the aforesaid information. Any shareholder desirous of obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Place : Hyderabad
Date : 5 May 2012

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been applied consistently. Judgment and estimates which are reasonable and prudent have been made so as to give true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the excellent services of the executives, staff and the workers of the Company.

On behalf of the Board of Directors of
KSK Energy Ventures Limited

T.L. Sankar
Chairman

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

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

Particulars	KSK Wardha Infrastructure Private Limited*	KSK Wind Energy Private Limited	KSK Vidarbha Power Company Private Limited*	KSK Narmada Power Company Private Limited*	KSK Dibblin Hydro Power Private Limited*	Kameng Dam Hydro Power Private Limited*	J R Power Gen Private Limited*	KSK Mahanadi Power Company Limited*	KSK Upper Subansiri Hydro Energy Private Limited*	KSK Dinchangi Power Company Private Limited*	KSK Jameri Hydro Power Private Limited*	Tila Kamali Hydro Electric Company Private Limited*	KSK Electricity Financing India Private Limited	Arasmeta Captive Power Company Private Limited	Sai Regency Power Corporation Private Limited	VS Lignite Power Private Limited	Sai Malthill Power Company Private Limited*	Wardha Power Company Limited	Field Mining and Isapats Limited*
	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012
1 The financial year of the Subsidiary Company ended on	100.00	74.00	100.00	100.00	100.00	100.00	99.87	88.19	100.00	100.00	100.00	90.00	100.00	51.00	73.92	74.00	52.00	87.00	84.98
2 Extent of Holding Company's interest (%)	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	NR 100/- (RS. 82.50/-)	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-	Rs 10/-
3 Face Value of Equity Shares held by the Holding Company	150,000	369,980	10,500	10,500	10,000	10,000	7,680,330	2,092,549,997	40,000	1,000,000	1,000,000	1,059,280	570,115,305	25,500,000	12,360,000	37,000,000	2,251,500	each fully paid-up	169,950
4 Number of Equity Shares held by the Holding Company (Nos)														1. 25,500,000 Class 'B' Equity Shares of Rs. 10/- each fully paid-up				1. 47,782,190 Class 'A' Equity Shares of Rs. 10/- each fully paid-up	
														2. 13,005,000 Class 'B' Equity Shares of Rs. 10/- each, called up				2. 271,875,817 Class 'B' Equity Shares of Rs. 10/- each fully paid up	
5 Net aggregate amount of profit/(loss) of the subsidiary company of the current financial year so far as it concerns the members of the holding company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Dealt with or provided in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Not dealt with or provided in the accounts of the holding company	-	67.96	-	-	-	-	-	-	-	-	-	-	30.54	(278.91)	399.27	(521.30)	-	(1,050.28)	-
6 Net aggregate amount of profit/(loss) of the subsidiary for the previous financial years so far as it concerns the members of the holding company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Dealt with or provided in the accounts of the holding company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Not dealt with or provided in the accounts of the holding company	-	(141.43)	-	-	-	-	-	-	-	-	-	-	17.73	130.50	253.48	(215.33)	-	(547.22)	-

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES (CONTINUED..)

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

Particulars	KSK Wardha Infrastructure Private Limited*	KSK Wind Energy Private Limited	KSK Vidarbha Power Company Private Limited*	KSK Narmada Power Company Private Limited*	KSK Dibbin Hydro Power Private Limited*	Kameng Dam Hydro Power Private Limited*	J R Power Gen Private Limited*	KSK Mahanadi Power Company Private Limited*	KSK Upper Subanairi Hydro Private Limited*	KSK Dinchang Power Private Limited*	KSK Jamari Hydro Power Private Limited*	Tila Karnali Hydro Electric Company Private Limited* (NR)	Tila Karnali Hydro Electric Company Private Limited* (NR)	KSK Electricity Financing Indis Private Limited	Arasmeta Captive Power Company Private Limited	Sai Regency Power Corporation Private Limited	VS Lignite Power Private Limited	Sai Malhill Power Company Private Limited*	Wardha Power Company Limited	Field Mining and Ispats Limited*
	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012	31 March 2012
1 Share capital	1.50	49.10	0.11	0.11	0.10	0.10	76.70	23,125.50	0.40	10.00	10.00	132.41	81.46	5,701.15	525.50	214.80	1,735.70	43.30	3,961.80	2.00
2 Share application money pending allotment	-	-	-	-	-	-	73.60	691.00	-	-	-	6.34	3.96	-	80.00	-	166.00	-	439.60	32.40
3 Reserves (includes debt balance of Profit and loss)	-	27.96	-	-	-	-	-	-	-	-	-	-	-	120.26	1,46.03	1,569.80	(773.42)	256.80	(1,208.30)	-
4 Total assets	1.56	845.33	2.11	16.77	912.28	754.66	1,068.13	110,089.44	1,604.48	82.01	48.86	149.09	93.06	5,873.19	4,976.34	3,513.20	8,119.85	308.74	31,700.14	56.67
5 Total liabilities	1.56	845.33	2.11	16.77	912.28	754.66	1,068.13	110,089.44	1,604.48	82.01	48.86	149.09	93.06	5,873.19	4,976.34	3,513.20	8,119.85	308.74	31,700.14	56.67
6 Investment (except in case of Investment in subsidiaries)	-	55.81	-	-	-	-	-	221.68	-	-	-	-	-	200.00	-	-	-	-	-	-
7 Turnover (including other income)	-	312.61	-	-	-	-	-	-	-	-	-	-	-	55.78	1,063.02	2,008.07	2,689.47	-	12,782.90	-
8 Profit/(loss) before taxation	-	76.47	-	-	-	-	-	-	-	-	-	-	-	44.21	(216.20)	396.22	(521.13)	-	(1,590.50)	-
9 Provision for taxation	0.04	6.51	-	-	0.04	-	-	168.98	0.01	-	-	-	-	13.67	60.71	(0.05)	0.17	1.72	(540.24)	-
10 Profit/ (loss) after taxation and write back	-	67.96	-	-	-	-	-	-	-	-	-	-	-	30.54	(278.91)	396.27	(521.30)	-	(1,050.26)	-
11 Proposed dividend (including interim dividend and dividend distribution tax thereon)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

* Companies under construction stage. Tax provision represents the tax on other income earned.

1 Arasmeta Captive Power Company Private Limited, VS Lignite Power Private Limited, Sai Regency Power Corporation Private Limited and Wardha Power Company Limited are subsidiaries of KSK Electricity Financing India Private Limited which is 100% subsidiary of the Company.

2 Field Mining and Ispats Limited is a subsidiary of Wardha Power Company Limited

3 Sai Malhill Power Company Private Limited is a subsidiary of VS Lignite Power Private Limited

4 The financial year of the subsidiary ends on 15 July every year, however for the purpose of consolidation the accounts of the subsidiary is being prepared and considered upto 31 March 2012

5 51% of holding is considered for the purpose of consolidation

6 The annual accounts for 2011-12 for all the subsidiaries are available at Company's Head office. Any investor either of Holding Company or any Subsidiary Company can seek any information at any point of time by making a request in writing to the Company Secretary of the Company.

For and on behalf of the Board

Sd/- **S. Kishore** Sd/- **K. A. Sastry** Sd/- **D. Suresh Babu**
 Whole-time Director Whole-time Director Company Secretary

Place : Hyderabad
 Date : 5 May 2012

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY OUTLOOK

The Indian economy has experienced unprecedented economic growth during the last decade albeit slowing down. Sustained growth in economy comes with growth from all sectors, among which, growth in infrastructure sector is a key requirement for growth both in manufacturing and service sectors. Within infrastructure, growth in power sector is one of the most important requirements for sustained growth for a developing economy like India.

INDUSTRY STRUCTURE AND DEVELOPMENT

The economic growth of the nation depends upon the power as the energy being the prime mover of economic growth. Annual per capita power consumption in India is about 813.3 kilo watt hours (kWh)*. Per capita power consumption in China is around 1200 kWh and around 13300 kWh in USA. It is still very low in India and required to grow manifold to provide reasonable quality of life in India.

India currently suffers from a major shortage of electricity generation capacity, even though it is the world's fourth largest energy consumer. India needs an extraordinary level of capital investment to provide access of electricity to its population.

While consequent to promulgation of Electricity Act, 2003, the Indian power sector was touted to be one that can usher in phenomenal growth rate for the economy and the sector was certain to enjoy both priority and policy favor, the government has been wanting on required supports, policy lethargy and more importantly unable to support competitive market development. Also sloppy execution, policy bottlenecks, steep rise in input cost and failing state Electricity Boards brought the sector's fortunes to a standstill. When eleventh five year plan was drafted (more than a half a decade ago), the power capacity addition was expected to the tune of 78.70 GW. Sometime in the middle, the target was reduced to a more realistic figure of 62 GW. With the Eleventh five year plan period completed, the actual capacity addition figure was 50 GW.

As per the draft Twelfth Five Year Plan released by Planning Commission, more than 80 GW of new power capacity is already under construction, hence targeting 100 GW of new capacity addition during next plan.

Without adequate energy of desired quality, the economic growth of 8 to 9 % achieved in the recent past cannot be sustained and the economic growth targets envisaged by the Government over the next decade may not be achievable.

* Source: Central Electricity Authority (CEA)

INSTALLED CAPACITY AND CAPACITY UTILISATION DURING FY 2011-12

The electricity sector in India had an installed capacity of 200 Gigawatt (GW).

Total Installed Capacity:

The installed generation capacity of the country as on 31 March 2012 stood at 199,877 MW.

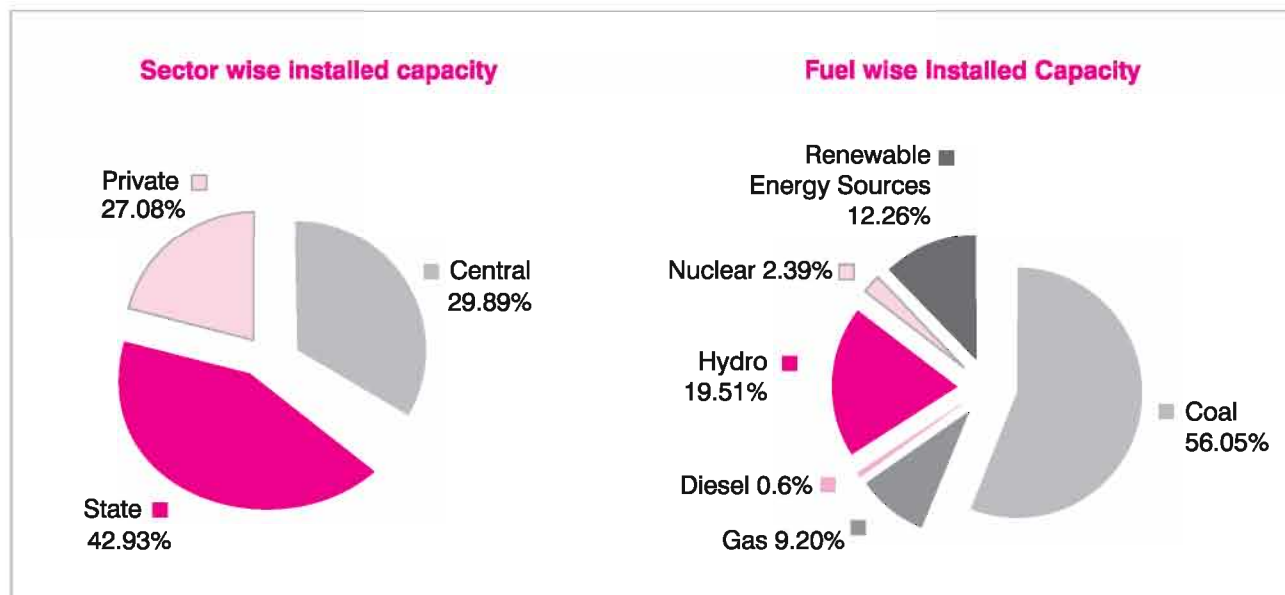
Sector	MW	Percentage
State Sector	85,918.65	42.99
Central Sector	59,682.63	29.86
Private Sector	54,275.75	27.15
Total	199,877.03	100.00

Out of the installed capacity, thermal power plants constitute 65% of the installed capacity, Hydroelectric about 19% and rest being a combination of wind, small hydro, biomass and nuclear.

Fuel	MW	Percentage
Coal	112,022.38	56.05
Gas	18,381.05	9.20
Diesel	1,199.75	0.60
Hydro	38,990.40	19.51
Nuclear	4,780.00	2.39
Renewable Energy Sources	24,503.45	12.26
Total	199,877.03	100.00

Captive Generation capacity connected to the Grid in MW 19,509.00

Sectorwise and fuel wise installed capacities are given in the following chart:



Power Generation during 2011-12

The total power generation in the country during FY12 was 876.89 Billion Units (BUs). For the year 2011-12 a base load energy deficit and peaking shortage to be 10.2% and 11.1% respectively. The peaking shortage would prevail in all regions of the country, varying from 15.6% in the Southern Region to 4.8% in Eastern Region. India's Central Electricity Authority expects a surplus output in some of the states of Northern India those with predominantly hydropower capacity, but only during the monsoon months. In these states, shortage conditions would prevail during winter season. According to this report, the five states with largest power demand and availability as of May 2011 were Maharashtra, Andhra Pradesh, Tamil Nadu, Uttar Pradesh and Gujarat.

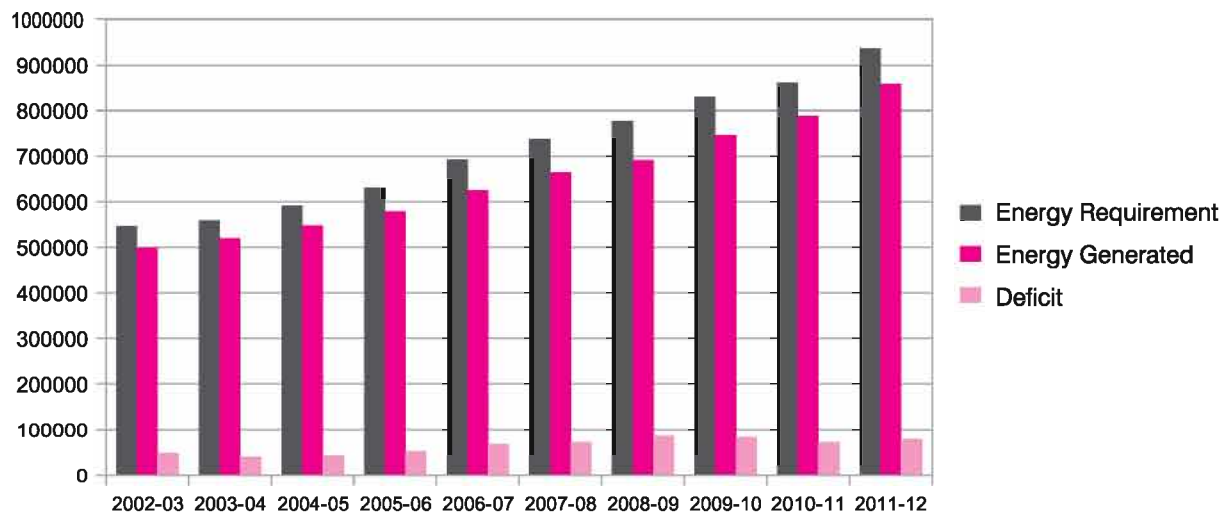
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED.....)

Energy Demand and Supply deficit

For the past two decades, India had to face increasing deficit in power supply, both for meeting its normal energy requirements as well as its peak load demand. The problem is acute during peak hours and summers which necessitates planned load shedding by many utilities to maintain the grid in a healthy state.

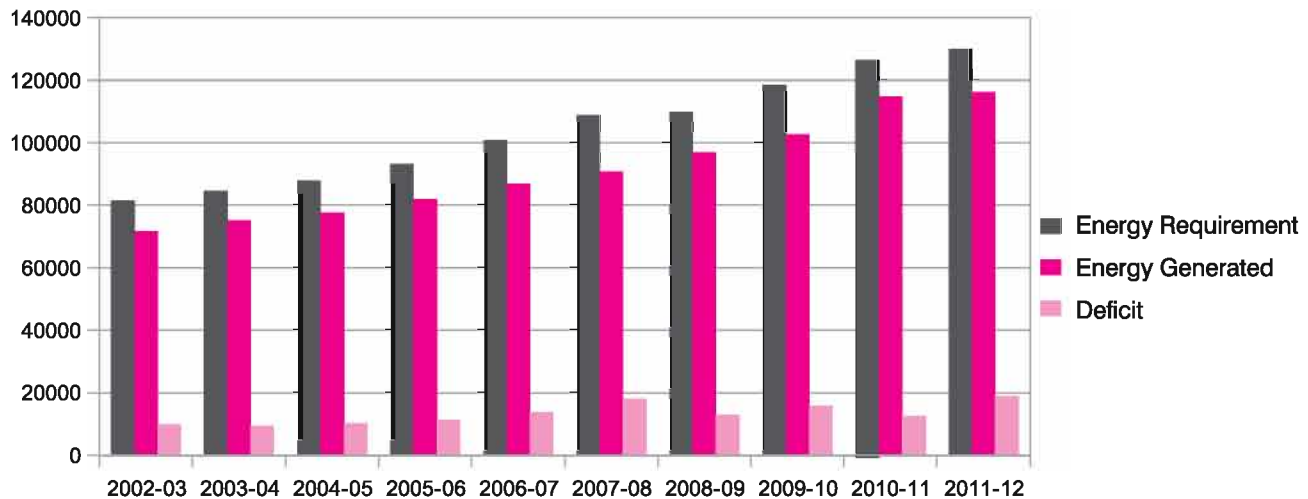
Electricity Demand and Supply

Year	Energy Requirement	Energy Generated	Deficit	in MU
				Deficit %
2002-03	545,983	497,890	48,093	8.81
2003-04	559,264	519,398	39,866	7.13
2004-05	591,373	548,115	43,258	7.31
2005-06	631,024	578,511	52,513	8.32
2006-07	693,057	624,716	68,341	9.86
2007-08	737,052	664,660	72,392	9.82
2008-09	777,039	691,038	86,001	11.07
2009-10	830,594	746,644	83,950	10.11
2010-11	861,591	788,355	73,236	8.50
2011-12	937,199	857,886	79,313	8.50



Peak Energy Demand and Supply

Year	Energy Requirement	Energy Generated	Energy Deficit	in MU
				Deficit %
2002-03	81,492	71,547	9,945	12.20
2003-04	84,574	75,066	9,508	11.24
2004-05	87,906	77,652	10,254	11.66
2005-06	93,214	81,792	11,422	12.25
2006-07	100,715	86,818	13,897	13.80
2007-08	108,866	90,793	18,073	16.60
2008-09	109,809	96,785	13,024	11.86
2009-10	118,472	102,725	15,747	13.29
2010-11	127,195	114,686	12,509	9.83
2011-12	130,006	116,191	18,815	10.60



Short Term Trading of Electricity:

Power trading in the country continues to be in the nascent growth stage with 94 billion units of power exchanged as against 874 billion units of electricity generation across utilities.

The transmission constraints between southern region and the rest of India, process of open access permitting, procedural delays of implementation, other constraints imposed on continuing open access by certain states have only resulted in inhibiting the growth of the short term exchange of power and efficient price discovery.

Power traded through the power exchanges continues to be a very small component with 54% of the short term traded power being by nature of bilateral trading of short term nature and a part of the balance on account of Unscheduled Interchange Settlement mechanism.

Fuel Availability to Power Sector

With about 1,12,022 MW, i.e. 56% of the installed capacity, contributed by coal based power plants, coal remains a key fuel for power generation. As per information provided by Ministry of coal in FY2011-12 the projected demand for coal is 696.03 million tonnes (as per annual Plans of Ministry of Coal), actual supply (dispatch) is 534.53 million tonnes and the gap between demand and supply of coal during FY 2011-12 is 161.501 million tonnes.

In India coal is continued to be major source of fuel for power generation. Availability of fuel, funding and people are important to meet the growing demand for coal. As per draft report of the working group on coal & lignite set up for formulation of Twelfth Five Year Plan, all India coal demand in the terminal year of Twelfth plan i.e. 2016-17 is projected as 980 million tonnes against the indigenous availability of 795 million tonnes. Availability of domestic coal to meet the demand is dependent on various factors such as non-expansion of capacity by government controlled mine operators, coal block allocation, land acquisition, environmental and forests clearances etc. The gap between demand and supply warrants dependence on imported coal.

The installed generation capacity with gas as fuel as at 31 March 2012 was 18131.05 MW. The availability of gas to the gas based power plants are also decreasing by year on year. CEA has mandated that no new gas based power plant will be allowed till 2015-16 as the natural gas output is expected to fall considerably. The gas output in the fiscal year 2013-14 is expected to fall by 35%.

Renewable Energy

With increased focus on environment and scarcity as well as concerns on carbon foot print of fossil fuels for generation of power, Government of India has given impetus to generation of renewable energy. Renewable energy, an alternative source of power generation, is environment friendly but is beset with high cost. Recent efforts in research and development for development of new technology for reducing costs encouraged increased capacity additions in this sector.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED.....)

OPPORTUNITIES, THREATS & OUTLOOK:

With a view to encourage power generation and reduce transmission and distribution losses, it is anticipated that the tax holiday for the power sector shall be extended. The extension of tax break is part of the government's efforts to scale up the country's power generation capacity to meet the growing needs.

Indian energy sector has consistently adopted relevant global trends to support sustainable growth in Indian economy. The increasing maturity of the sector is evidenced by adoption and indigenization of technologies across the energy sector in general and power sector in particular.

Of late, the sector has grappled with new challenges which have arisen out of rapid growth of the sector. Some of these challenges will be overcome quickly and some will require all resourcefulness and intellect to convert them into promising opportunities for future.

Based on the various scenarios of estimation of electricity requirement, the projected requirement of power at the end of the next two 5 year plans is expected to be

	Energy Requirement (GWh)	Peak Load (MW)
End of Twelfth Plan (2016-17)	1,354,874	199,540
End of Thirteenth Plan (2021-22)	1,904,861	283,470

The above points to a healthy demand growth of power requirement and associated power generation opportunities. Also the need for low cost power generation is reinforced by the outlook on financials of the various procuring utilities but also by the price realization on sale of surplus short term power.

While the government effort continues on removal of hurdles like, enhancing engineering and capital goods manufacturing capacity within India - both for main power plants and balance of plants, increasing the number of construction agencies, manpower and training facilities in power sector, IT based monitoring etc the key would be to address the fuel and associated generation uncertainties.

While ambitious capacity addition targets of 75 GW in next 5 years set, the limited effort is currently being made to address low cost domestic coal and gas exploitation and supplies resulting in power lenders being driven to restructure their loan portfolios in light of significant stranded capacities. The same would have contagion effect on the entire energy sector.

Similarly, while attempting to address utility financials through distribution tariff reforms coupled with competitive procurement, parallel attempts to restructure and rewrite existing Power Purchase Agreements of a few developers to accommodate high cost imported fuel pass-through would only lead to further worsening of utility financials.

The recent developments in the Indian energy sector, more specifically with respect to acute fuel shortages, slowdown in generation capacity additions by other developers, accumulating receivables of power generators from local utilities, extremely slow government approvals and decision processes, along with the anticipated challenges in the next 24 to 36 months across the power sector in India validate our belief that sustainable and continual progress by power plant developers in India requires them to have a low cost structure base for operations, be innovative, have the ability to adapt to the changing situations including addressing government policy asymmetries and have a flexible approach on the ground to develop and implement strong and sustainable power generation assets.

The developer challenges, while acute, the solutions look very simple - addressing the fuel security with flexible approach on asset build on ground for strong and sustainable power generation assets to address this market opportunity.

RISKS AND CONCERNS

Securing Fuel - Shortage of Coal

Coal based power plants, accounting for over 80% of the total units generated in the Country. More stringent rules and norms brought about recently by the MoEF over allocation of coal blocks have left many developers devoid of coal linkages.

Even state GENCO's are repeatedly under pressure due to lack of adequate and timely supply of fuel.

Securing fuel from imported coal market is becoming increasingly costly and uncertain. The recent change in international markets, enactment of the new mining law in Indonesia has significantly impacted the cost of imported coal for Indian companies who are relying on supply of coal from south east Asian nations. Recently, Krishnapatnam and Mundra UMPPs expressed their concern over the projects unviable at the tariff quoted by them. This has been aggravated by the fact that changes in international law and regulations are not currently covered under change in law in Indian Power Purchase contracts.

Securing land and clearances

•Land is a basic necessity and a pre-requisite for power generation projects. Lot of projects are cancelled or delayed due to non-availability of land or difficulties in land acquisition. Another major hurdle subsequent to land acquisition is securing required clearances from MoEF, Ministry of Aviation, Department of Forests and other government bodies. Past experience indicates that the following are the major hurdles in land acquisition and securing clearances which include the following:

- Social reasons like opposition from nearby residents on loosing of land, water supply and pollution problems
- Resettlement and rehabilitation issues
- Regulatory delays
- Environmental issues like a forestation
- State specific issues like availability of supporting infrastructure
- Financial reasons resulting from rising costs of land

Issues pertaining to competitive bidding

Competitive bidding in power generation and transmission is viewed as a major fundamental change - a move towards a competitive market, which would attract private sector participation and also help in discovering competitive prices in a largely regulated market. The typical duration for which companies quote their tariffs in competitive bidding scenario, is 25 years and 35 years for generation and transmission respectively. The duration is fixed considering the life of assets and the period within which companies would be able to recover their costs at reasonable tariffs. The results in competitive bids in the recent past in India indicate that the tariffs discovered have been in most cases significantly lower than regulated tariffs.

There are risks associated with projects that, if the bidder does not cover/hedge, he would expose to a potential downside over a 25/35 year period.

Project execution challenge

The major players in Indian power sector have shown strong operational capabilities, but have dares poorly in project management and execution. The capacity addition of 78,700 MW was planned in the Eleventh five year plan period against which only 50,000 MW of power was achieved, i.e., achievement of 63.53 % against the set target.

In addition to bottlenecks in manufacturing (i.e., BTG & BoP manufacturers) environment clearances and land acquisition have been major issues for delay in project execution. Investment of time, effort and money in developing project, planning and project execution capabilities, streamlining of business processes and adoption of advanced technologies in the sector would enable the investors overcome such strategic hurdles to a large extent.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED.....)

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL EFFICIENCY:

The operational performance for the financial year 2011-12 of each of the operational power plants is provided as under

Particulars	Arasmeta Captive (86 MW)	Sai Regency (58 MW)	Sitapuram Power (43MW)	VS Lignite Power (135MW)	Wardha Power (540MW)
Generation (MU)	292	455	256	926	2,804
Plant Load Factor (%)	49	89	68	78	60
Units Billed (MU)	251	430	222	801	2,481
Sales Revenue (in million)	1,034	1,867	1,176	2,637	12,543
Average Realisation P.U	4.12	4.34	5.29	3.29	5.06

ARASMETA CAPTIVE POWER COMPANY PRIVATE LIMITED

Arasmeta is a coal based power plant with the capacity of generating 86 MW (43 MW x 2). The plant operating as a base load plant caters to the complete power requirement of cement major M/s. Lafarge India. Lafarge operates two cement manufacturing units at Arasmeta and Sonadih in Chhattisgarh. The surplus power available is being supplied to the local utility.

SAI REGENCY POWER CORPORATION PRIVATE LIMITED

This Company operates a captive natural gas based combined cycle power plant with a capacity of 58 MW located in Kalugoorani village in Ramanathapuram District of Tamil Nadu and wind power generating capacity of 18.90 MW located in Tirunelveli District of Tamil Nadu. The power generated is wheeled using the grid transmission system to captive consumers located in the State of Tamil Nadu and surplus to the State utilities.

SITAPURAM POWER LIMITED

This captive power plant operates on coal with a capacity to generate 43 MW of power. The plant is situated in Dondapadu village of Nalgonda District in Andhra Pradesh. The power is supplied to a captive consumer M/s. Zuari Cement Limited having plants in Dondapadu and Yerraguntla in Andhra Pradesh and surplus power to State utilities.

VS LIGNITE POWER PRIVATE LIMITED

This is lignite based power plant with a capacity to generate 135 MW of power located in Gurha village in Bikaner District of Rajasthan. The plant supplies power to major industrial customers in Rajasthan and surplus power to State utilities.

WARDHA POWER COMPANY LIMITED

This power project is coal based with a generating capacity of 540 MW comprising of four units of 135 MW each located at Warora Growth Centre, Chandrapur District of Maharashtra. The power generated is currently supplying to large industrial customers and to major utilities in the State of Maharashtra.

PROJECTS UNDER CONSTRUCTION

KSK MAHANADI POWER COMPANY LIMITED - CHHATTISGARH

KSK Mahanadi is the largest power project pursued by the Group till date. It is a 3600 MW power plant being set up at Nariyara village in Janjgir Champa District of Chhattisgarh. The coal supplies are tied up from GIDC's Gare Pelma Sector III coal block and GMDC's Morga II coal block in Chhattisgarh. In so far as Morga II of GMDC, the policy uncertainty on account of recent stipulations by the Ministry of Environment and Forest has resulted in extensive diligence on the project progress

by government of India and is anticipated that a solution would be offered by government for alternative remedies in case forest clearance is not provided.

In addition to land acquisition, environment clearance and execution of Implementation Agreement with Chhattisgarh Government, Power Purchase Agreement with GUVNL, EPC contracts with SEPCO of China and tie up of requisite project debt has been completed and civil works at site for first 2 units of 600 MW each are under advanced stage of completion and expected commissioned. Other associated works on water intake infrastructure, power evacuation and construction of railway siding fronts are progressing.

J R POWER GEN PRIVATE LIMITED

KSK has signed an MOU with Government of Odisha on 9th April 2010 to set up 1980 MW (3 x 660) power plant at Kishorenagar in Angul District of Odisha. Coal supplies are tied up from Naini coal block allotted to Pondicherry Industrial Promotion Development and Investment Corporation Limited. Land procurement for the project is underway and other works are progressing.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company is implementing the internal control system right from its inception and making modifications continuously to meet with the changing business conditions. The internal control is supported by internal audit department and periodic review by the Management. The Audit Committee meets periodically with the management and internal auditors.

The internal control systems are implemented

1. To safeguard the Company's assets from loss or damage
2. To keep constant check on cost structure
3. To provide adequate financial and accounting controls and implement accounting standards.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Human Resources plays very important role in every organization. Our Company is making continuous efforts to keep the Human Resources at an optimum level. As the Company ventured into new areas, the need for man power was felt and in this direction, the company has employed about 316 people with which the total strength has gone up and as on date, the company has 1550 employees on rolls.

CORPORATE SUSTAINABILITY INITIATIVES

Corporate Social Responsibility is an essential ingredient of KSK's business policy. We embrace the social responsibility that comes with the opportunity of operating across 8 locations in 6 Indian states. Towards this direction, our commitment to community moves beyond the requirement of social license to operate.

KSK at present is building sustainable communities across 68 Villages in 6 States with 8 Project Locations covering 7037 project affected families.

The Group's sustainability initiatives towards community are essentially focused on five thrust areas; Education, Health, Socio-economic empowerment, Infrastructure development and Cultural & Social contribution.

During 2011 - 2012, the following interventions were taken up to achieve the above mentioned goals and objectives:

Promoting quality education: Our holistic approach to the issues in education sector in India focuses on addressing the critical issues of; quality, access, equity in access, infrastructure and bridging the urban-rural disparity in vocational training.

Building healthier communities: KSK has two models of health care delivery for its neighboring communities. While mobile clinic model provides preventive services at the door step of the client, mega camp model seeks to address major health concerns of the community.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED.....)

Facilitating socio-economic empowerment: The Group believes that socio-economic empowerment of our communities alone can help us ensure sustainability of the development that we undertake. We are deeply committed to enhancing individual assets & capabilities and strengthen community collectives, where we operate.

Developing Infrastructure: We are committed to developing/renewing common property resources that are critical for rural economy. The Group is also committed to developing infrastructural facilities that improve community's access to basic services and livelihood opportunities.

Fostering culture and social contribution: The Group proactively seeks to deepen its relationship with local communities. Building relationship for us is sharing and being part of the joys and sorrows of our communities. Thus, we support village festivals, sports & games events, besides extending helping hand in the hour of need.

The above mentioned interventions gave us the scope to address the issues of project affected families in a more comprehensive manner given the cultural diversity of India as Corporate Social Responsibility is an essential ingredient of KSK's business policy.

INFORMATION TECHNOLOGY AND SYSTEMS

Looking at the expansion and usage of systems, the Company is developing software on continuous basis to suit the changing environment. Separate IT team located at Hyderabad is taking care of IT needs of the Company and implementing the software for various departments and locations.

RISK MANAGEMENT

Implementation and review of the risk management initiatives are periodically reported to the Board, which helps in identification of new risk areas, their impact on the business of the Company and to initiate risk mitigation strategies as may be necessary well in advance to reduce the impact of the risk in our business process.

Most important, the continual shortfall of coal production by Coal India and associated fuel shortages increase the risk of non availability of fuel and associated risk of potential stranded assets.

However, the Company is continuously working on appropriate fuel supply as well as power supply obligations that would leave only little scope for volatility. Further, in so far as the larger assets are concerned, the effort of tie up for coal through appropriate cost plus / government dispensation coal blocks to minimize the risk of higher generation cost continues. We anticipate that the current policy uncertainties to be suitably resolved and achieve fuel certainty for the larger power project under construction during the current year.

FINANCIAL PERFORMANCE

Consolidated Financials

The Consolidated Financial Statements of KSK Energy Ventures Limited and its subsidiaries and joint ventures ("the Group" or "the Company") are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of The Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

Board of India.

Revenues

(Rs. in Million)

	2011-12	% of total revenue	2010-11	% of total revenue
Sales and operating income	19,476.41	95%	10,967.36	95%
Other income	1,116.38	5%	625.28	5%
	20,592.79	100%	11,592.64	100%

The total sale and operating income increased by 78% from Rs. 10,967 million for the year ended 31 March 2011 to Rs. 19,476 million for the year ended 31 March 2012. The inter se distribution of the sales and operating income is as follows:

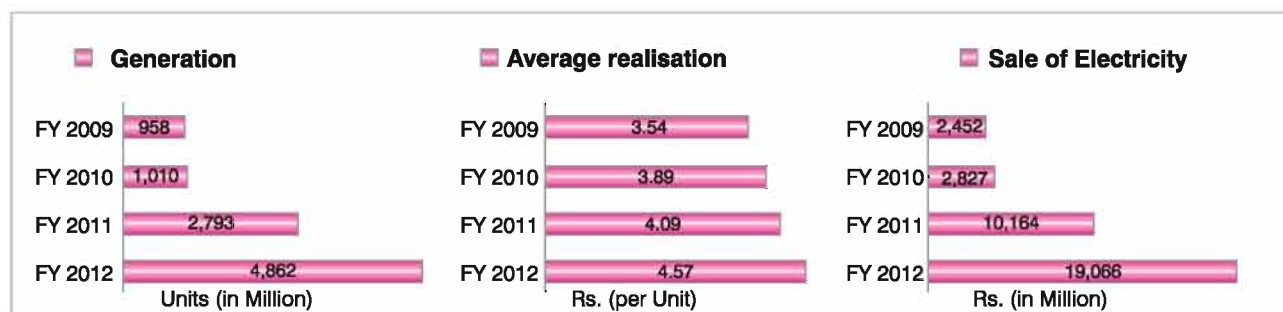
(Rs. in Million)

	2011-12	% of total revenue	2010-11	% of total revenue
Income from sale of energy	19,066.41	97.89%	10,163.63	92.67%
Project development fees	393.09	2.02%	795.48	7.25%
Corporate support services	2.19	0.01%	2.19	0.02%
Other operating income	14.72	0.08%	6.06	0.06%
	19,476.41	100.00%	10,967.36	100.00%

Income from sale of energy

Income from sale of energy is primarily from the multiple subsidiaries of the Company. The income from sale of electricity reported growth over the previous year.

Sale of energy, registered a growth of 88% primarily on account of increase in generation capacities and full year of operations in Wardha Power Company Limited ("WPCL"), a 540 MW project, which has contributed, Rs. 12,543 million in current year as against of Rs. 3,850 million in previous year. The other operational plants also experienced marginal increase primarily on account of increased availability and power load factor.



Income from project development services

Decrease in income from project development services from Rs. 795 million during the year ended March 2011 to Rs. 393 million during the year ended March 2012 reflects the maturity of the asset portfolio towards construction and operating assets. Project development fees are expected to be far lesser in the coming years and income from sale of energy would be in the mainstay and dominant mix of revenue and profitability henceforth.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED.....)

Other Income

Increased by 78% to Rs 1,116 million for the current year as compared to Rs 625 million for the previous year as outlined below:

	(Rs. in Million)	
	2011-12	2010-11
Interest income	888.24	554.24
Dividend income	13.23	6.59
Net gain on sale of investments	3.98	0.78
Foreign exchange gain, net	-	20.02
Miscellaneous income	210.93	43.65
	1,116.38	625.28

Interest income was higher in the current financial year primarily due to higher cash and bank balances and a higher yield on investments.

Other miscellaneous income mainly represents the insurance and other claims received during the current year.

Expenditure

Generation and operating expenses

	(Rs. in Million)	
	2011-12	2010-11
Cost of material consumed	9,988.60	4,335.50
Other manufacturing expenses	1,096.97	697.41
	11,085.57	5,032.91

The total of generation and operating expenses indicated an increase of 120% to Rs. 11,085 million.

The increase is mainly on account of increase in units generated to 4,862 million units as against of 2,793 million units for the previous year, mainly attributable to increase in generation capacities and full year of operations in WPCL. Further, the increase is also contributed by the increase in the average fuel cost per unit generated from Rs. 1.71 for the previous year to Rs. 2.19 for the current year.

Administration and employee benefit expenses

On a consolidated basis, the administration and employee benefit expenses have registered an increase of 105% over the previous year from Rs. 848 million in 2010-11 to Rs. 1,736 million in 2011-12. The broad break - up of the administration and employee benefit expenses is as follows:

	(Rs. in Million)	
	2011-12	2010-11
Employee benefit expenses	432.95	297.65
Administration expenses	1,302.67	550.38
	1,735.62	848.03

General and administrative expenses have experienced an upward trend mainly on account of further capacity addition, requirement to increase the operating base of manpower and infrastructure to handle future growth and rebate given to customers for prompt payment.

Finance costs

The finance costs on consolidated basis before capitalisation increased to Rs 10,789 million in 2011-12 from Rs 7,277 million in 2010-11. The Company mobilized additional average borrowings of Rs 31,114 million during the 2011-12 to finance its capital expenditure and working capital requirements resulting in increased interest expense at Rs 3,512 million. The increase in finance cost was also attributable to Reserve Bank of India tight monetary policies, causing the increase in interest rates for the borrowing facilities.

The breakup of interest and finance charges for the current year and previous year are as follows:

Particulars	(Rs. in Million)	
	2011-12	2010-11
Interest of fixed period loans	3,827.06	2,026.96
Interest on other loans	1,426.42	420.72
Finance and other charges	135.24	112.87
	5,388.72	2,560.55
Add: Finance cost capitalized	5,400.67	4,716.90
Total	10,789.39	7,277.45

Depreciation and amortization expenses

Depreciation and amortization expense increase from Rs. 1,223.81 million in 2010-11 to Rs. 2,163.30 million in 2011-12 is mainly on account of capitalization of WPCL - unit III and unit IV and Arasmeta Captive Power Company Private Limited - Phase II.

Exceptional items

During the current financial year, the group has received claims from the EPC contractor in WPCL towards liquidated damages and realized gain on sale of windmill undertakings. Considering, the non-recurring nature of the claims/gain, the amounts realized are classified as exceptional items.

Taxes

The Group made effective use of various tax benefits available in India and such benefits have resulted in lower effective tax rate in some of our major operating subsidiaries.

The tax provided on consolidated basis amounted to Rs. (359.97) million (including MAT credit of Rs. 80 million) for 2011-12 against of Rs. (352.32) million (including MAT credit of Rs. 193 million) for 2010-11. The main reason for tax being negative is recognition of deferred tax asset on carry forward of losses in WPCL.

Earnings per share (EPS)

The EPS during the year under consideration is lower at Rs 3.28 as against of the previous year of Rs 4.75 which is mainly due to reduced attributable profit for the year.

Business Segment Analysis

For detailed description of the Company's business segment, refer to note 31 of consolidated financial statement.

The summary of relative distribution of the revenues among the segments is as under:

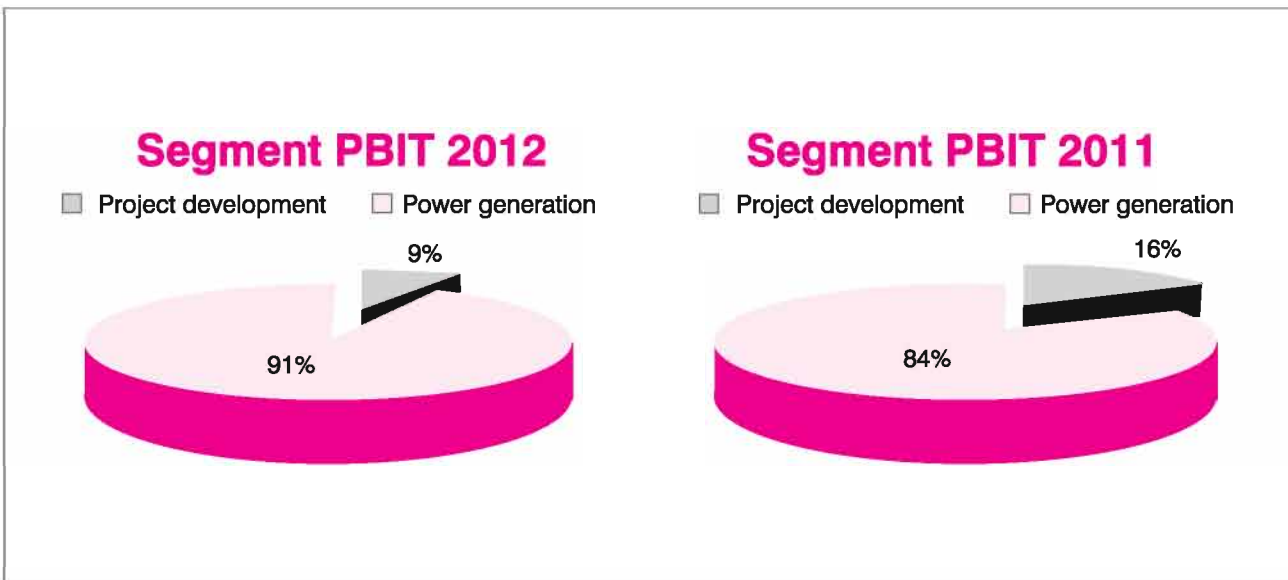
Segment	2011-12		2010-11		% change
	Rs (million)	% of total	Rs (million)	% of total	
Project development	395.28	2%	797.67	7%	(50)%
Power generation	19,081.13	98%	10,169.69	93%	88%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED.....)



The summary of relative distribution of segment profit before interest and taxes (PBIT) among the segments is as under:

Segment	2011-12		2010-11		% change
	Rs (million)	% of total	Rs (million)	% of total	
Project development	389.18	9%	632.36	16%	(38%)
Power generation	4,102.74	91%	3,230.25	84%	27%



Project Development

The segment revenue and segment profit for the project development has decreased by 50% and 38% respectively over the previous year, mainly on account of substantial part of the development activity of 3600 + MW of power plants have been completed during 2010-11. PDF is expected to be far lesser in the coming years and income from sale of energy would be in the mainstay and dominant mix of revenue mix and profitability henceforth.

Power generation

The segment revenue and segment profit for the power generation segment has recorded a significant growth of 88% and 27% respectively over the previous year, mainly on account of increased operations in terms of generation of 4,862 million Kwh at an average tariff realization of Rs 4.57 per kwh in 2011-12 as compared to 2,793 million Kwh at an average tariff realization of Rs. 4.09 in 2010-11.

CAUTIONARY STATEMENT:

Certain Statements in this Management Discussion and Analysis describing the Company's business plans estimates and expectations, numerical or otherwise, may be 'Forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include economic conditions, government permission, significant changes in political and regulatory environment in India, tax laws litigation, labour relations and interest costs amongst others.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate governance is a synonym for sound management, transparency and disclosure. Corporate governance encompasses not only the way in which the Company is managed and deals with its shareholders but also addresses all aspects of its relationship with society. Hence, it has always been an integral part of your Company's philosophy. The Company firmly believes that good corporate governance stems from the management's mindset and cannot be regulated by legislation alone.

The Company is firmly committed to fulfill the objective of good Corporate Governance. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations, and in its interactions with its stake holders, including shareholders, employees, the government and the lenders.

Your company has complied with the requirements of the Corporate Governance Code, the disclosure requirements of which are given below.

2. BOARD OF DIRECTORS

Composition and Category of Directors

As on 31 March 2012, the Board of Directors of the Company consists of 8 (eight) Directors out of whom six are Non – Executive Directors and two are Executive / Whole - Time Directors. The Company has an Independent Director as a Chairman and the number of Independent Directors are one-third of the total number of Directors and hence the composition of the Board is in conformity with Clause 49 of the Listing Agreement. Detailed profiles of the Directors retiring by rotation have been provided in the notice convening the meeting.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director.

Attendance of each Director at the Board Meetings, last Annual General Meeting & Number of other Directorship and chairmanship / membership of committee of each Director in various other Companies is as follows:

Name of the Director & Category	Attendance Particulars		No. of other Directorships		*Committee Membership	*Committee Chairmanship
	Board Meetings	Last AGM	Public	Others#		
Mr. T. L. Sankar Chairman / Independent Director	4	Yes	2	5	1	3
Mr. S. R. Iyer Independent Director	4	Yes	6	5	5	7
Mr. Abhay M Nalawade@ Independent Director	2	No	1	5	1	-
Mr. Henry Klein@ Non - Executive Director	Nil	No	1	7	-	-
Mr. Girish N Kulkarni Independent Director	2	No	2	11	-	-
Mr. Anil Kumar Kutty Non-Executive Director	3	Yes	1	4	1	-

Name of the Director & Category	Attendance Particulars		No. of other Directorships		*Committee Membership	*Committee Chairmanship
	Board Meetings	Last AGM	Public	Others#		
Mr. Tanmay Das Non-Executive Director	4	Yes	1	14	-	-
Mr. K. Bapi Raju Non-Executive Director	3	No	1	7	-	-
Mr. K.A. Sastry Whole-time Director / Promoter Director	3	Yes	4	28	3	3
Mr. S.Kishore Whole-time Director / Promoter Director	4	Yes	4	28	6	1

@ Mr. Abhay M Nalawade has resigned as Director w.e.f., 12 August 2011

Mr. Henry Klein has resigned as Director w.e.f., 30 June 2011

Other Directorships include Directorships in Foreign Companies, Private Limited and Companies under Section 25 of the Companies Act, 1956.

* Membership / Chairmanship in Audit & Shareholders/Investors Grievance Committees of all public limited companies whether listed or not including KSK Energy Ventures Limited are considered. Foreign companies, private limited companies and companies under Section 25 of the Companies Act, 1956 have been excluded.

Number of Board Meetings:

The Board of KSK Energy Ventures Limited met four times during the financial year under review on the following dates: 6th May 2011, 12th August 2011, 29th October 2011 & 28th January 2012.

The Maximum time gap between any two meetings did not exceed four months. Leave of absence was granted to those directors who expressed their inability to attend the board Meeting(s).

Committees of the Board:

The Committees appointed by the Board focus on specific areas and make informed decisions within the authority delegated. Each Committee of the Board is guided by its Charter, which defines the composition, scope and powers of the Committee.

The Committees also make specific recommendations to the Board on various matters from time to time. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval.

The Company has four Board-level Committees namely:

- Audit Committee
- Shareholders/Investors Grievance Committee
- Remuneration Committee
- Finance and Authorisation Committee

3. AUDIT COMMITTEE

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audit of the Company's financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee to supervise these processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial reporting.

The terms of reference, role and scope of the Audit Committee are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee are as follows:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval with particular reference to:
 - a. matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms sub-section (2AA) of Section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors, any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularities or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors.

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Composition, meetings and attendance particulars of the Audit Committee during the year is as follows:

The Audit Committee met four times during the year on: 6th May 2011, 12th August 2011, 29th October 2011 & 28th January 2012.

Sl. No	Name of the Director	Category	No. of Meetings attended
1	Mr. S.R. Iyer	Chairman	4
2	Mr. T.L. Sankar	Member	4
3	Mr. Abhay Nalawade @	Member	2
4	Mr. Girish Kulkarni	Member	2

All the above members and Chairman are Independent Directors.

@ Mr. Abhay Nalwade has resigned as Director w.e.f., 12 August 2011

4. REMUNERATION COMMITTEE

Terms of reference:

The Remuneration Committee is responsible to determine on behalf of the Board and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

Composition:

Remuneration Committee consists of Non-Executive independent Directors viz. Mr. T. L. Sankar, Mr. S. R. Iyer and Mr. Girish N. Kulkarni. Mr. T.L. Sankar is the Chairman of the Committee.

Attendance during the year:

During the year, no meetings of the Remuneration Committee were held.

Remuneration Policy:

Whole-time Directors are appointed by shareholder's resolution. No severance fees is payable to the Whole-time Directors. All components of remuneration to the Whole-time Directors are fixed in line with the Company's policies.

The remuneration for the Whole-time Directors is recommended by the Remuneration Committee to the Board for consideration.

The Non-Executive Directors and Independent Directors receive sitting fee for attending meetings of the Board and Audit Committee. The remuneration paid to the Directors during the year under review was in conformity with the applicable provisions of the Companies Act, 1956, duly considered and approved by the Board and the shareholders.

The appointment of Whole-time Directors is governed by resolutions passed by the Board of Directors, Members of the Company and the Service Agreements entered into by the Company with the Whole-time Directors, which cover the terms and conditions of such appointment read with the service rules of the Company. The notice period for Whole-time Directors is six months as per the Service Agreements.

The Company has no stock option scheme and hence no stock options have been granted to the Directors.

REPORT ON CORPORATE GOVERNANCE

Details of Remuneration paid to Directors for the year ended 31 March 2012:

Name of the Director	Sitting Fees	Salary	Perquisites	Commission	Total
Mr. T. L. Sankar	1,60,000	-	-	-	1,60,000
Mr. S. R. Iyer	1,60,000	-	-	-	1,60,000
Mr. Abhay M Nalawade	80,000	-	-	-	80,000
Mr. Girish N Kulkarni	80,000	-	-	-	80,000
Mr. Henry Klein	-	-	-	-	-
Mr. Anil Kumar Kutty	-	-	-	-	-
Mr. Tanmay Das	-	-	-	-	-
Mr. K. Bapi Raju	-	-	-	-	-
Mr. K.A. Sastry	-	9,000,000	-	-	9,000,000
Mr. S. Kishore	-	9,000,000	-	-	9,000,000

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee is empowered to perform all the functions of the Board in relation to handling of Shareholder's Grievances. It primarily focuses on:

- Review of investor complaints and their redressal;
- Review of the queries received from investors;
- Review of the work done by Share Transfer Agent; and
- Review of corporate actions related work.

The Shareholders' Grievance Committee consists of three Directors. The Chairman of the Committee is a Non-Executive Independent Director. The Committee met four times during the year on 6th May 2011, 12th August 2011, 29th October 2011 & 28th January 2012.

Composition of the Shareholders/Investors Grievance Committee as on 31 March 2012 and attendance record during the year 2011-12 is as follows:

Name of the Director	Category	No. of Meetings attended
Mr. T.L. Sankar	Chairman	4
Mr. K.A. Sastry	Member	4
Mr. S.Kishore	Member	4

The Company Secretary, Mr. D. Suresh Babu has been designated as Compliance Officer of the Company in compliance with the Listing Agreement with the Stock Exchanges.

The status of investor complaints received during the year is as follows:

Description	Received	Resolved	Pending
Non receipt of electronic credits	Nil	Nil	Nil
Non receipt of Annual Report	2	2	Nil
Non receipt of consideration amount - Open Offer	1	1	Nil
Non receipt of refund order	Nil	Nil	Nil
TOTAL	3	3	Nil

6. GENERAL BODY MEETINGS

(i & ii) Location, date, time of Annual General Meetings (AGM) held during last 3 Years and the details of special resolutions passed in the previous three AGMs are as under:

Financial Year	Date and time of AGM	Location	Details of Special Resolutions passed
2008-09	27 July 2009 11.00 A.M.	KLN Prasad Auditorium, FAPCCI, Federation House, 11-6-841, Red Hills, Hyderabad - 500004	One Special Resolution under section 81 (1A) for Issue of securities through ADR / GDR / FCCB or any other permitted securities / instruments was passed.
2009-10	6 September 2010 11.00 A.M.	NIFT Auditorium, National Institute of Fashion Technology, Opp. Hi-tech City, Madhapur, Cyberabad, Hyderabad - 500 081	No Special Resolution passed
2010-11	17 September 2011 11.00 AM	NIFT Auditorium, National Institute of Fashion Technology, Opp. Hi-tech City, Madhapur, Cyberabad, Hyderabad - 500 081	One Special Resolution under Section 314(1) for appointment of Mr. K. Bapi Raju, Director as "President - Corporate Affairs" in KSK Mahanadi Power Company Limited, a Subsidiary Company was passed.

(iii) Details of voting pattern for the special resolutions passed through Postal Ballot during the year - NO SPECIAL RESOLUTIONS WERE PASSED THROUGH POSTAL BALLOT

7. DISCLOSURES:

- i) There were no materially significant related party transactions that may have potential conflict with the interests of the Company at large. The details of transactions with related parties are placed before the Audit Committee and the Committee has reviewed the same for the year ended 31 March 2012. The details of related party transactions are disclosed in Note 28 to the Accounts in the Annual Report.
- ii) There was no incidence of non-compliance during the last three years by the Company on any matter related to Capital market. There were no penalties imposed nor strictures passed on the Company by Stock Exchange, SEBI or any statutory authority.
- iii) The Board has not yet deliberated the matter relating to whistle blower policy. No personnel have been denied access to the Audit Committee.
- iv) The Company has complied with all the mandatory requirements of Clause 49. Non-mandatory requirements except for Remuneration Committee have not been adopted and are being reviewed for implementation.

8. MEANS OF COMMUNICATION

The quarterly results are normally published in all India editions of Business Line, Business Standard (national daily) and Andhra Prabha (regional newspaper). Further the quarterly financial results/shareholding patterns, official news releases are posted on Company's website: www.ksk.co.in.

REPORT ON CORPORATE GOVERNANCE

9. GENERAL SHAREHOLDER INFORMATION

- (a) Annual General Meeting Date and time : Saturday 1 September 2012 at 11.00 A.M.
 Venue : NIFT Auditorium, National Institute of Fashion Technology, Opp. Hi-tech City, Madhapur, Cyberabad, Hyderabad – 500 081
- (b) Financial Year Calendar (Tentative)
 Results for the quarter ending 30 June 2012 : Second week of August, 2012
 Results for the quarter ending 30 September 2012 : Second week of November, 2012
 Results for the quarter ending 31 December 2012 : Second week of February, 2013
 Results for the quarter & year ending 31 March 2013 : Mid / Last week of May, 2013
- (c) Book Closure date : Saturday, 25 August 2012 to Saturday, 1 September 2012
 (Both days inclusive)
- (d) Listing on Stock Exchanges with Stock Code

Name and Address of the Stock Exchange	Scrip Code / Trading Symbol
Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532997
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai-400051.	KSK

Listing fee for the year 2012-13 has been paid to all the Stock Exchanges where the Company's shares are listed.

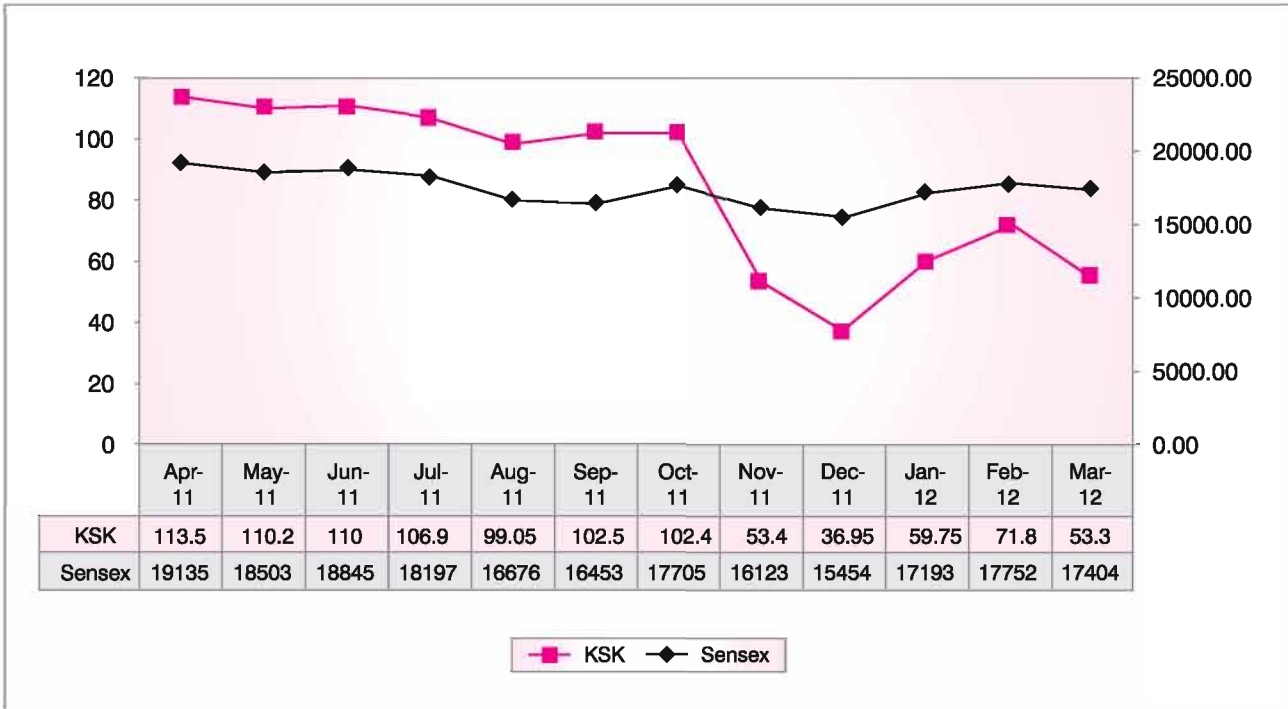
ISIN Code for Demat: The ISIN allotted to the Company is INE143H01015

(e) Market Information:

- (i) Market Price Data: High, low during each month and trading volumes of the Company's Equity shares during the last financial year at NSE and BSE are given below.

MONTH	NSE			BSE		
	High	Low	Volume	High	Low	Volume
April, 2011	124.80	101.10	4,899,220	123.00	101.55	2,478,921
May, 2011	119.95	108.00	2,625,279	120.00	107.80	1,314,989
June, 2011	116.80	109.60	1,116,222	116.90	109.80	497,062
July, 2011	114.45	106.10	2,823,830	114.50	106.50	961,917
August, 2011	108.35	97.25	1,873,145	109.30	98.05	773,093
September, 2011	108.50	98.70	5,627,507	108.50	98.50	2,211,744
October, 2011	107.70	98.10	4,640,351	107.70	98.55	2,825,090
November, 2011	103.45	53.05	4,352,429	103.30	53.05	2,466,726
December, 2011	54.50	33.35	2,969,296	54.50	33.40	490,010
January, 2012	59.70	35.05	3,689,048	59.75	35.00	2,557,445
February, 2012	81.00	60.55	2,334,772	80.50	60.85	1,394,252
March, 2012	73.35	51.45	544,976	72.80	51.65	1,438,473

(ii) Performance of share price of the Company in comparison to the BSE



(f) Registrar and Transfer Agents

(Share transfer and Communication regarding shares, refund orders, and dividends etc)

: Karvy Computershare Private Limited
 Plot No 17 - 24, Vittal Rao Nagar
 Madhapur, Hyderabad - 500 081
 Ph: 040-23420818
 Fax: 040-23420814
 Email: einward.ris@karvy.com

Contact Person

: Mr. Anandan.K

(g) Share Transfer System

: The Company has appointed M/s. Karvy Computershare Private Limited, as its Registrar and Share Transfer Agent, who are fully equipped to carry out share transfer activities and redress investor complaints. Company Secretary is the Compliance Officer for redressal of all shareholders' grievances.

(h) Distribution of shares & Shareholding Pattern

REPORT ON CORPORATE GOVERNANCE

(i) Distribution of Shares as on 31 March 2012

Distribution Schedule as on 31 March 2012

S.No	No. of Shares	No. of shareholders	% of shareholders	Total No. of Shares	% of shares
1	1 - 500	14,966	92.34	1,527,763	0.41
2	501 - 1000	560	3.46	454,108	0.12
3	1001 - 2000	325	2.01	486,521	0.13
4	2001 - 3000	101	0.62	254,930	0.07
5	3001 - 5000	67	0.41	273,746	0.07
6	5001 - 10000	70	0.43	521,121	0.14
7	10001 - 20000	38	0.23	520,731	0.14
8	20001 - 50000	24	0.15	724,999	0.19
9	50001 - 100000	9	0.06	666,305	0.18
10	100001 & ABOVE	48	0.30	367,200,230	98.54
	Total:	16,208	100.00	372,630,454	100.00

(ii) Shareholding Pattern as on 31 March 2012

Category	No of Shares	%
A. Promoters Holding		
Promoters	279,232,677	74.94
Sub -Total: A	279,232,677	74.94
B. Public Shareholding		
Mutual Funds /UTI	2,133,738	0.57
Financial Institutions /Banks	17,598,245	4.72
Foreign Institutional Investors	18,225,353	4.89
Bodies Corporate	8,143,165	2.19
Non Resident Indian	105,542	0.03
Foreign Bodies	40,553,347	10.88
Indian Public	6,638,387	1.78
Sub -Total: B	93,397,777	25.06
GRAND TOTAL (A+B)	372,630,454	100.00

(i) Dematerialisation of Shares and Liquidity

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shares of the Company are actively traded in the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

(j) Outstanding GDRs/ADRs/Warrants on any convertible instruments, conversion date and likely impact on equity:

As on 31 March 2012, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

(k) Address for investor's correspondence

(i) Registrar and Transfer Agents (Share transfer and Communication Regarding Shares, Refund Orders,	: Karvy Computershare Private Limited Plot No 17 - 24, Vittal Rao Nagar Madhapur, Hyderabad – 500 081
--	---

and Dividends etc)

Ph: 040-23420818

Fax: 040-23420814

E-mail: einward.ris@karvy.com

(ii) Any Query on Annual Report

: Corporate Affairs Department

KSK Energy Ventures Limited

8-2-293/82/A/431/A

Road No 22, Jubilee Hills

Hyderabad – 500 033

Ph: 040-23559922-25

Fax: 040-23559930

(i) Other Shareholder information:

(i) Corporate Identity Number (CIN)

The CIN allotted to the Company by the Ministry of Corporate Affairs, Government of India is L45204AP2001PLC057199

(ii) Shareholder's Relation Team

The Shareholder's Relation Team is located at the Registered Office of the Company.

Contact Person: Compliance Officer Ph: 040-23559922-25, Fax: 040-23559930

In Compliance with Clause 47(f) of the Listing Agreement, a separate email ID investors@ksk.co.in has been set up as a dedicated ID solely for the purpose of dealing with shareholder's complaints.

(iii) Shares held in electronic form

Shareholders holding shares in electronic form may please note that instructions regarding change of address, nomination and power of attorney should be given directly to the Depository Participant.

(iv) Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges as well as placed before the Board of Directors. The audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in electronic form (held with NSDL and CDSL).

10. OTHER DISCLOSURES AS PER CLAUSE 49 OF THE LISTING AGREEMENT

(i) Clause 49(I) (D): Code of Conduct:

The Company has adopted a Code of Conduct as required under Clause 49(I)(D) of the Listing Agreement with Stock Exchanges, which applies to all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed their compliance on an annual basis and their confirmations have been received in this regard. The Code of Conduct is available on the Company's website: www.ksk.co.in

A declaration to this effect signed by the Whole-time Director is attached.

REPORT ON CORPORATE GOVERNANCE

(ii) Clause 49(IV) (B): Disclosure of Accounting Treatment:

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956. Significant Accounting Policies is provided elsewhere in the Annual Report.

(iii) Clause 49(IV) (E):

- (a) None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the judgement of the Board may affect the independence of the Director except receiving sitting fee for attending Board / Committee meetings.
- (b) Except Mr. Girish Kulkarni and Mr. Anil Kumar Kutty who are holding 100 and 375 shares of the Company respectively, no other Non-Executive Director is holding any shares in the Company.

(iv) Management Discussion and Analysis Report:

The Management Discussion and Analysis Report is provided elsewhere and form part of this Annual Report.

(v) Clause 49(IV) (G): Shareholders Information:

- a. Appointment / Re-appointment of Directors: The brief resume of Directors retiring by rotation and Whole-time Directors seeking re-appointment, including nature of their experience in specific functional areas, names of companies in which they hold directorship and membership of committees of the Board is appended to the Notice for calling Annual General Meeting.
- b. None of the Directors are related to each other.

(vi) Clause 49(V): CEO/CFO certification:

The CEO and CFO certification of the financial statements for the year 2011-12 is provided elsewhere in this Annual Report.

(vii) Details of Shares in the Escrow Account as on 31 March 2012: (Clause 5A of the Listing Agreement):

Particulars	No. of Shareholders	No. of Shares
Aggregate number of shareholders and the outstanding shares in the Escrow account lying at the beginning of the year	5	150
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	0	0
Number of shareholders to whom shares were transferred from suspense account during the year	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	5	150

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

(viii) Prevention of Insider Trading: [Regulation 12 of the SEBI (Prohibition of Insider Trading) Regulations, 1992]

In pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board had approved the "Code of Conduct for prevention of insider trading". The Board has designated Company Secretary as the Compliance Officer.

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of
KSK Energy Ventures Limited

We have examined the compliance of conditions of Corporate Governance by KSK Energy Ventures Limited, for the year ended on 31 March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with the management has conducted the affairs of the Company.

For **Umamaheswara Rao & Co.,**
Chartered Accountants

Sd/-
(R.R. Dakshina Murthy)
Partner

Place : Hyderabad
Date : 5 May 2012

Membership No: 211639
Firm Registration No.004453S

Certificate of Compliance with the code of Conduct

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have affirmed compliance with the Code of Conduct for year ended 31 March 2012.

Place : Hyderabad
Date : 5 May 2012

Sd/-
S. Kishore
Whole-time Director

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The Board of Directors,
KSK Energy Ventures Limited.

CERTIFICATE

We, K.A Sastry, Whole-time Director and V. Sambasiva Rao, Group Head - Accounts of KSK Energy Ventures Limited, to the best of our knowledge and belief hereby certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2012 and:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operations of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the audit committee:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
V. Sambasiva Rao
Group Head-Accounts

Sd/-
K.A Sastry
Whole-Time Director

Place: Hyderabad
Date: 5 May 2012

AUDITOR'S REPORT

TO THE MEMBERS KSK ENERGY VENTURES LIMITED

We have audited the attached Balance Sheet of KSK ENERGY VENTURES LIMITED as at 31 March, 2012, the Profit and Loss Statement for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial 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 (Auditors' Report) Order, 2003 and amendment order 2004 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.

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of such books.
- iii. The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the Books of account of the Company.
- iv. In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the directors, as on 31 March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Sec. 274 of the Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the Notes there on, the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2012.
 - b. In the case of the Profit and Loss Statement of the Company, of the profit of the Company for the year ended on that date.
 - c. In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Umamaheswara Rao & Co.,**
Chartered Accountants

Firm Registration No.004453S

Sd/-
(R.R. Dakshina Murthy)
Partner

Membership No: 211639

Place : Hyderabad
Date : 5 May 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 1 of our report of even date:

In our opinion and according to the information and explanations given to us:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The Company has a fixed programme of Physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified the fixed assets during the year. No material discrepancies were noticed on such verification.

During the year, the Company disposed off all its fixed assets (Wind Turbine Generators with land appurtenant there to) relating to power generation undertaking besides some other assets. In our opinion, it does not affect going concern of the entity.

2. The Clause relating to Inventories is not applicable to the company, as the Company has not carried out any manufacturing activity.
3. (a) During the year, the Company has granted unsecured loans and advances from time to time to fourteen Companies covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 842.09 crores and the year-end balance of such loans was Rs 577.29 crores.

In our opinion, the rate of interest and other terms and conditions of such loans and advances made are not prima facie prejudicial to the interests of the Company.

- (b) During the year, the Company has taken unsecured loans from one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.89.05 crores and year- end balance of such loan was Rs. 41.76 crores

In our opinion, the rate of interest and other terms and conditions of such loans and advances made are not prima facie prejudicial to the interests of the Company.

- (c) The payment and receipt of interest is regular both in cases of the loans given and loans accepted and the loans are recoverable or payable on demand.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business. We have not observed any major weakness in the internal control system during the course of the audit.
5. According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956, particulars of which are required to be entered into the register maintained under that section.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an Internal Audit System commensurate with its size and the nature of its business.
8. The maintenance of cost records has been prescribed by the Central government under clause (d) of sub section (1) of Section 209 of the Act, such accounts and records have been made and maintained.
9. (a) According to the information and explanations given to us and on the basis of examination of books of accounts, the Company is regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues with the appropriate authority's and as at 31 March 2012 no undisputed statutory dues were outstanding for more than six months from the date they became payable.

(b) There were no dues in respect of Income tax, Sales tax, Wealth tax, Customs duty, Excise duty and Cess that have not been deposited with the appropriate authorities on account of any dispute.

(c) Details of dues which have not been deposited on 31 March 2012 on account of dispute are furnished below

Name of the statute	Nature of dues	Forum where pending	Period to which amount relates	Amount (In Crores)
Finance Act, 1994	Service Tax	CESTAT	April, 2008 to September, 2010	50.56

10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. The Company has not defaulted in payment of dues to any Financial Institution/Banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. As per the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interests of the Company.
16. During the year, the Company has not raised any term loans. In our opinion, the term loans raised earlier have been applied for the purpose for which they were raised.
17. According to the information and explanations given 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 utilized for long term investment.
18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Act, 1956.
19. The Company has not issued any debentures and accordingly the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. During the year, the Company has not raised money by public issue and accordingly the provisions of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
21. No fraud on or by the Company has been noticed or reported during the year.

For **Umamaheswara Rao & Co.,**
Chartered Accountants

Firm Registration No.004453S

Sd/-
(R.R. Dakshina Murthy)
Partner

Place : Hyderabad
Date : 5 May 2012

Membership No: 211639

BALANCE SHEET AS AT 31 MARCH 2012

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

	Note	As at	
		31 March 2012	31 March 2011
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	4,726.30	4,726.30
(b) Reserves and surplus	4	22,269.02	22,356.82
		26,995.32	27,083.12
2 Non-current liabilities			
(a) Long-term borrowings	5	1,105.00	1,980.00
(b) Deferred tax liabilities (net)	6	4.48	184.66
(c) Long-term provisions	8	-	2.33
		1,109.48	2,166.99
3 Current liabilities			
(a) Short-term borrowings	5	7,099.57	5,655.05
(b) Trade payables	7	3,570.54	3,615.21
(c) Other current liabilities	9	924.71	925.20
(d) Short-term provisions	8	30.84	26.00
		11,625.66	10,221.46
		39,730.46	39,471.57
II ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		483.74	1,407.96
(ii) Intangible assets		1.93	2.23
(iii) Capital work in progress		3.17	3.17
(iv) Intangible assets under development		4.99	4.44
(b) Non-current investments	11	29,591.05	29,512.45
(c) Long-term loans and advances	12	1,889.69	1,360.15
(d) Other non-current assets	13	231.00	346.93
		32,205.57	32,637.33
2 Current assets			
(a) Trade receivables	14	300.42	273.31
(b) Cash and bank balances	15	368.20	531.85
(c) Short-term loans and advances	12	6,461.37	5,816.97
(d) Other current assets	13	394.90	212.11
		7,524.89	6,834.24
		39,730.46	39,471.57

See accompanying notes to financial statements

As per our report of even date

For **Umamaheswara Rao & Co.**,
Chartered Accountants
Firm Registration No: 004453S

For and on behalf of the Board

Sd/-
R. R. Dakshina Murthy
Partner
Membership No: 211639

Sd/-
S. Kishore
Whole-time Director

Sd/-
K. A. Sastry
Whole-time Director

Sd/-
D. Suresh Babu
Company Secretary

Place: Hyderabad

Date : 5 May 2012

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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

	Note	Year ended	
		31 March 2012	31 March 2011
I Revenue from operations	16	675.24	1,059.66
II Other income	17	12.31	4.34
III Total revenue (I+II)		687.55	1,064.00
IV Expenses			
Manufacturing expenses	18	10.77	5.39
Employee benefits expenses	19	99.35	110.79
Other expenses	20	105.10	91.41
Finance costs	21	50.83	287.70
Depreciation and amortisation expenses	10	32.57	81.26
Total expenses		298.62	576.55
V Profit before exceptional items and tax (III-IV)		388.93	487.45
VI Exceptional items		291.93	-
VII Profit before tax (V-VI)		97.00	487.45
VIII Tax expense / (income)			
Current tax			
For the period		272.39	97.23
In respect of earlier years		(0.34)	9.92
Less: Mat credit entitlement		(0.24)	(106.32)
Deferred tax		(180.18)	151.63
Total tax expense		91.63	152.46
IX Profit for the year from continuing operations (VII-VIII-XII)		89.67	413.75
X (Loss) / Profit for the year from discontinued operations		(264.31)	74.05
XI Tax (income) / expense of discontinued operations		(180.01)	152.81
XII (Loss) / Profit for the year from discontinued operations after tax (X-XI)		(84.30)	(78.76)
XIII Profit for the year (IX-XII)		5.37	334.99
(Loss) / earnings per share :			
Basic and diluted- face value Rs.10/-per share (Rs.)		(0.24)	0.77

See accompanying notes to financial statements

As per our report of even date

For **Umamaheswara Rao & Co.,**
Chartered Accountants
Firm Registration No: 004453S

For and on behalf of the Board

Sd/-
R. R. Dakshina Murthy
Partner

Sd/-
S. Kishore
Whole-time Director

Sd/-
K. A. Sastry
Whole-time Director

Sd/-
D. Suresh Babu
Company Secretary

Membership No: 211639

Place: Hyderabad

Date : 5 May 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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

	Year ended	
	31 March 2012	31 March 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	97.00	487.45
Adjustment for		
Depreciation and amortisation expense	32.57	81.26
Finance cost	1,089.78	856.54
Interest income	(1,038.95)	(568.84)
Loss on sale of assets	294.33	-
Profit on sale of investments	(3.00)	-
Others, net	-	3.94
Operating profit before working capital changes	471.73	860.35
Adjustment for working capital		
Trade receivables	(27.12)	(133.77)
Loans and advances	(24.25)	(143.48)
Other assets	(98.13)	(15.99)
Trade payables	(44.67)	119.79
Other liabilities and provisions	(10.41)	3.69
Cash generated from operations	267.15	690.59
Direct taxes paid	(72.32)	(143.99)
Net cash from operating activities	194.83	546.60
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work-in-progress and capital advances	(285.97)	(41.06)
Sale of fixed assets	2.12	-
Advance for investments, net	(1,124.69)	(472.75)
Inter corporate deposit given / refund, net	350.73	(3,293.57)
Purchase of investments	(49.11)	(911.24)
Sale of investments	3.50	5.70
(Investment) / redemption of bank deposit (held as margin money or security against guarantees or borrowings)	163.56	1,992.94
(Investment) / redemption of bank deposit (having original maturity more than three months)	(17.47)	(4.00)
Interest income	954.54	564.61
Net cash used in investing activities	(2.79)	(2,159.37)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue, net of share issue expenses	-	994.17
Payment of preference dividend including dividend tax	(92.97)	(27.09)
Repayment of long term borrowings	(875.00)	(875.00)
Proceeds from short term borrowings, net	1,828.00	2,330.77
Payment of finance costs	(1,078.99)	(869.32)
Net cash (used in) / from financing activities	(218.96)	1,553.53

	Year ended	
	31 March 2012	31 March 2011
Net decrease in cash and cash equivalents	(26.92)	(59.24)
Cash and cash equivalents at the beginning of the year	50.99	110.23
Cash and cash equivalents at the end of the year	24.07	50.99
Notes:		
1 Cash and cash equivalents includes		
Cash in hand	0.11	0.12
Balances with banks		
On current account	23.96	50.87
	24.07	50.99

2 Previous year figures have been regrouped / reclassified to conform to the classification of the current year.

As per our report of even date

For **Umamaheswara Rao & Co.,**
Chartered Accountants
Firm Registration No: 004453S

For and on behalf of the Board

Sd/-
R. R. Dakshina Murthy
Partner
Membership No: 211639

Sd/-
S. Kishore
Whole-time Director

Sd/-
K. A. Sastry
Whole-time Director

Sd/-
D. Suresh Babu
Company Secretary

Place: Hyderabad
Date : 5 May 2012

NOTES TO FINANCIAL STATEMENTS

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

1 Nature of operations

KSK Energy Ventures Limited (“KSKEVL” or the “Company”), was incorporated on February 14, 2001 and is primarily engaged in the development of private sector power projects, currently predominantly through subsidiaries and jointly controlled entities with multiple industrial consumers in India with next level of growth coming through large base load power plant subsidiaries. KSKEVL focused its strategy on the private sector power development market, undertaking entire gamut of development, investment, construction of power plant with supplies initially to heavy industrials operating in India and now branching out to cater to the needs of utilities and others in the wider Indian power sector.

2 Significant Accounting Policies

2.1 Accounting convention

The Financial Statements have been prepared and presented under the historical cost convention on the accrual basis in accordance with Indian Generally Accepted Accounting Principles (GAAP). 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 and guidelines issued by Securities and Exchange Board of India.

2.2 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 date of financial statements and the reported amounts of income and expenses for the period. Actual results could differ from the estimates. Examples of such estimates include provision for doubtful debt, future obligation under employee retirement benefit plan, income taxes, useful life of fixed assets, etc. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Cash flows statement

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

2.4 Revenue recognition

Revenue in the form of project development fees for services rendered in relation to development work of potential power projects is recognised when such fees is assured and determinable under the terms of the respective contract.

Corporate support service income is recognised when such income is assured and determinable under the terms of the respective contract.

Consultancy income is recognised proportionately with the degree of completion of contract.

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

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

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

2.5 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition. Cost of acquisition is inclusive of freight, duties, levies and all incidentals directly or indirectly attributable to bringing the asset to its working condition for its intended use. The cost of fixed assets includes cost of initial warranty/ insurance spares purchased along with the capital asset, which are grouped as single item under respective assets.

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

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

Depreciation on initial/ warranty spares are provided on the same rates applicable for that asset group, irrespective of its actual usage.

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

Leasehold improvements are amortised over the period of lease.

2.6 Capital work in progress

The cost of fixed assets not ready for their intended use before such date is disclosed under 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 / apportioned on major assets on commissioning of the project.

2.7 Foreign currency translation

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

At the Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

All exchange differences are recognised as income or expense in the period in which they arise.

2.8 Investments

Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

2.9 Retirement benefits

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution scheme. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee salary. The contribution made by the Company is charged to the Profit and Loss Statement.

Gratuity

In accordance to the Payment of Gratuity Act, 1972, the Company provides for the gratuity, a defined benefit retirement plan ("the gratuity plan") covering the eligible employees. The gratuity plan provides for a lump sum payment to the vested employees at retirement, death, incapacitation or termination of the employment, of an amount based on the respective employee salary and the tenure of the employment within the Group.

Liabilities with regard to the gratuity plan are determined by independent actuary. The Company makes annual contribution to employee's Company gratuity scheme administered by trustees and managed by Life Insurance Corporation of India.

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

The Company recognises the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, "Employee Benefits".

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Profit and Loss Statement.

2.10 Leases

Lease 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.

2.11 Earnings per share

Basic earnings per share are computed by dividing the net profit or loss after tax attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, net profit or loss after tax attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.12 Taxes on income

Income tax expense / (income) comprises current tax, deferred tax and Minimum Alternative Tax (MAT) credit .

Current tax

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

Deferred tax

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

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

The break-up of the deferred tax assets and liabilities as at the Balance Sheet date has been arrived at after setting-off deferred tax assets and liabilities where the Company has 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.

MAT credit

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss statement and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income tax during the specified period.

2.13 Provisions and contingencies

Provisions and contingencies

The Company recognises 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.

Onerous contracts

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.

2.14 Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Statement. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

3 Share Capital

	As at	
	31 March 2012	31 March 2011
Authorised		
4,000,000,000 (31 March 2011: 4,000,000,000) equity shares of Rs.10/- each.	40,000.00	40,000.00
1,031,500,000 (31 March 2011: 1,031,500,000) preference shares of Rs.10/- each.	10,315.00	10,315.00
	50,315.00	50,315.00
Issued, subscribed and paid up		
372,630,454 (31 March 2011: 372,630,454) equity shares of Rs.10/- each fully paid up. (Of the above shares 70,195,429 equity shares are allotted as fully paid up by way of bonus shares)	3,726.30	3,726.30
100,000,000 (31 March 2011: 100,000,000) 8% Compulsorily redeemable preference shares of Rs.10/- each fully paid up. (refer note a)	1,000.00	1,000.00
	4,726.30	4,726.30

- a Above preference shares are redeemable at premium over the period of 5 years, starting from end of the 3rd year from the date of allotment

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

b Reconciliation of number of shares outstanding

8% Compulsorily redeemable preference shares	As at	
	31 March 2012	31 March 2011
Outstanding at the beginning of the year	100,000,000	-
Issued during the year	-	100,000,000
Outstanding at the end of the year	100,000,000	100,000,000

c Equity shares held by holding company and its subsidiaries

Name of the share holder	As at	
	31 March 2012	31 March 2011
KSK Energy Limited,		
No of shares held	191,222,031	191,222,031
% of shares held	51.32%	51.32%
KSK Energy Company Private Limited		
No of shares held	79,345,007	13,484,555
% of shares held	21.29%	3.62%
KSK Power Holdings Limited		
No of shares held	8,665,639	-
% of shares held	2.33%	-

d Particulars of share holders holding more than 5% of the shares

Name of the share holder	As at	
	31 March 2012	31 March 2011
Equity shares fully paid up		
KSK Energy Limited,		
No of shares held	191,222,031	191,222,031
% of shares held	51.32%	51.32%
KSK Energy Company Private Limited		
No of shares held	79,345,007	13,484,555
% of shares held	21.29%	3.62%
LB Group		
No of shares held	20,828,534	69,807,867
% of shares held	5.59%	18.73%
8% Compulsorily redeemable preference shares fully paid up		
L & T Infrastructure Finance Company Limited		
No of shares held	100,000,000	100,000,000
% of shares held	100.00%	100.00%

4 Reserves and Surplus

	As at	
	31 March 2012	31 March 2011
Securities premium		
Opening balance	18,739.90	18,745.73
Less: Share issue expenses	-	5.83
	18,739.90	18,739.90

	As at	
	31 March 2012	31 March 2011
Surplus		
Opening balance	3,616.92	3,328.45
Add: Net profit after taxes for the year from Profit and Loss Statement	5.37	334.99
Amount available for appropriations	3,622.29	3,663.44
Appropriations		
Preference dividend	80.22	39.89
Dividend distribution tax	12.95	6.63
	93.17	46.52
Balance	3,529.12	3,616.92
	22,269.02	22,356.82

5 Borrowings

	As at	
	31 March 2012	31 March 2011
Long-term borrowings		
<i>Secured</i>		
Term loans		
Rupee loans from others (refer note 1a and 2a)	875.00	1,750.00
<i>Unsecured</i>		
Deferred payment liabilities (refer note 2b)	230.00	230.00
	1,105.00	1,980.00
Short-term borrowings		
<i>Secured</i>		
Loans repayable on demand (refer note 1b)		
From banks	2,990.33	2,952.77
Foreign currency loans	-	267.88
Loan against letter of credits	-	772.90
Loan against deposits (refer note 1c)	3,594.50	771.00
<i>Unsecured</i>		
Loans repayable on demand		
From related parties	514.74	890.50
	7,099.57	5,655.05
	8,204.57	7,635.05

1) Details of security provided for various credit facilities

- Secured by way of hypothecation on movable properties of the Company and pledge of certain equity shares of the Company held by KSK Energy Limited, holding Company.
- Secured by first pari-passu charge on fixed assets, current assets of the Company and corporate guarantee of KSK Power Ventur plc.
- Secured by pledge of deposits.

2) Repayment terms of long-term borrowings

Name of the lender	Installments	Installment amount	Periodicity	Rate of Interest
a Life insurance corporation of India	8	21.88	Quarterly	13.75%
b Deferred payment liability is repayable in March 2018				

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

6 Deferred tax liability / (assets)

	As at	
	31 March 2012	31 March 2011
Deferred tax liability on account of depreciation	4.48	185.42
Deferred tax (asset) on gratuity	-	(0.76)
Deferred tax liability, net	4.48	184.66

7 Trade payables

	As at	
	31 March 2012	31 March 2011
Dues to other than micro, small and medium enterprises	3,570.54	3,615.21
	3,570.54	3,615.21

As at 31 March 2012 (31 March 2011: Nil) 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.

8 Provisions

	As at	
	31 March 2012	31 March 2011
Long-term provisions		
For Employee benefits (refer note a)	-	2.33
	-	2.33
Short-term provisions		
For Employee benefits	8.46	6.56
For dividend and tax there on	19.61	19.43
For taxation (net of advance tax)	2.77	0.01
	30.84	26.00
	30.84	28.33

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

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	As at	
	31 March 2012	31 March 2011
Present value of obligation at the beginning of the year	9.21	4.14
Interest cost	0.75	0.33
Current service cost	0.44	2.03
Past service cost (non vested benefits)	-	0.47
Past service cost (vested benefits)	-	3.57
Benefits paid	(0.09)	-
Actuarial (gain) / loss	(5.03)	(1.32)
Present value of obligation at the end of the year	5.28	9.21

Change in the fair value of assets

	As at	
	31 March 2012	31 March 2011
Fair value of plan assets at the beginning of the year	6.57	3.38
Expected return on plan assets	0.60	0.44
Contributions	-	2.88
Benefits paid	(0.09)	-
Actuarial gain/(loss)	-	(0.13)
Fair value of plan assets at the end of the year	7.08	6.57

Amounts recognised in the Balance Sheet

	As at	
	31 March 2012	31 March 2011
Present value of obligation at the end of the year	5.28	9.21
Fair value of plan assets at the end of the year	7.08	6.57
Funded status	1.80	(2.64)
Unrecognised actuarial gain/(loss)	-	-
Unrecognised past service cost-non vested	0.16	0.31
Net asset/(liability) recognised in the Balance Sheet	1.96	(2.33)

Amounts recognised in Profit and Loss Statement

	Year ended	
	31 March 2012	31 March 2011
Current service cost	0.44	2.03
Interest cost	0.75	0.33
Past service cost (non vested benefits)	0.16	0.16
Past service cost (vested benefits)	-	3.57
Expected return on plan assets	(0.60)	(0.44)
Net actuarial (gain) / loss recognised in the year	(5.03)	(1.19)
Amount included in personnel expense / other income	(4.28)	4.46

Asset information

Category of Assets	As at	
	31 March 2012	31 March 2011
Insurer managed funds	100%	100%

Summary of actuarial assumptions

	Year ended	
	31 March 2012	31 March 2011
Discount rate	8.17%	8.00%
Salary escalation	15.00%	15.00%
Attrition rate	15.00%	15.00%
Expected return on plan assets	9.15%	9.00%

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at Balance Sheet date for the estimated term of the obligations

Expected rate of return on planned assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

9 Other current liabilities

	As at	
	31 March 2012	31 March 2011
Current maturities of long-term debt	875.00	875.00
Interest accrued but not due on borrowings	14.50	25.17
Interest accrued and due on borrowings	26.42	4.96
Income received in advance	-	13.50
Creditors for capital goods (including retention money)	4.37	2.93
Statutory liabilities	4.42	3.64
	924.71	925.20

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

As at 31 March 2011

	Gross Block			Depreciation / Amortisation			Net Block	
	As at 1 April 2010	Additions	Adjustments / Deletions	As at 31 March 2011	As at 1 April 2010	For the year	Adjustments / Deletions	As at 31 March 2011
Tangible assets								
Land and site development								
- Free hold	162.09	3.18	-	165.27	-	-	-	165.27
Buildings								
- Free hold	2.83	0.34	-	3.17	0.05	0.05	-	3.07
- Lease hold improvements	-	17.76	-	17.76	-	3.87	-	13.89
Plant and equipment	1,240.29	-	-	1,240.29	4.14	65.49	-	1,170.66
Electrical works	3.05	0.49	-	3.54	0.83	0.18	-	2.53
Furniture and fixtures	11.38	1.73	-	13.11	2.61	2.00	-	8.50
Vehicles	9.18	-	-	9.18	2.75	0.87	-	5.56
Office equipment	18.95	5.69	-	24.64	2.78	1.08	-	20.78
Computers	24.21	6.37	-	30.58	8.49	4.39	-	17.70
Total Tangible assets	1,471.98	35.56	-	1,507.54	21.65	77.93	-	1,407.96
Intangible assets								
Computer software	14.35	2.31	-	16.66	11.10	3.33	-	2.23
Total Intangible assets	14.35	2.31	-	16.66	11.10	3.33	-	2.23
Capital work in progress								
Intangible assets under development								
								3.17
								4.44

11 Non Current investments

	As at	
	31 March 2012	31 March 2011
Trade investments		
Investments in equity instruments		
<i>(unquoted, fully paid up)</i>		
3,636,363 (31 March 2011: 3,636,363) Equity shares of Rs.10/- each in Terra Energy Limited.	160.00	160.00
Other investments		
Investments in equity instruments		
<i>(unquoted, fully paid up)</i>		
Investment in subsidiary		
Nil (31 March 2011: 50,000) Equity shares of Rs 10/- each in Sai Maithili Power Company Private Limited.	-	0.50
10,500 (31 March 2011: 10,500) Equity shares of Rs 10/- each in KSK Narmada Power Company Private Limited.	0.11	0.11
369,990 (31 March 2011: 370,000) Equity shares of Rs 10/- each in KSK Wind Energy Private Limited.	3.70	3.70
570,115,305 (31 March 2011: 570,115,305) Equity shares of Rs.10/- each in KSK Electricity Financing India Private Limited.	7,527.58	7,527.58
150,000 (31 March 2011: 150,000) Equity shares of Rs.10/- each in KSK Wardha Infrastructure Private Limited (formerly KSK Technology Ventures Private Limited).	1.50	1.50
10,500 (31 March 2011: 10,500) Equity shares of Rs 10/- each in KSK Vidarbha Power Company Private Limited .	0.11	0.11
10,000 (31 March 2011: 10,000) Equity shares of Rs 10/- each in KSK Dibbin Hydro Power Private Limited.	0.10	0.10
10,000 (31 March 2011: 10,000) Equity shares of Rs 10/- each in Kameng Dam Hydro Power Private Limited.	0.10	0.10
7,660,330 (31 March 2011: 7,660,330) Equity shares of Rs 10/- each in JR Power Gen Private Limited.	76.60	76.60
2,062,549,994 (31 March 2011: 2,062,549,994) Equity shares of Rs 10/- each in KSK Mahanadi Power Company Limited.	20,625.50	20,625.50
47,762,190 (31 March 2011: 47,762,190) Class A Equity shares of Rs 10/- each in Wardha Power Company Limited.	725.62	725.62
40,000 (31 March 2011: 40,000) Equity shares of Rs 10/- each in KSK Upper Subansiri Hydro Energy Private Limited.	0.40	0.40
1,000,000 (31 March 2011 100,000) Equity shares of Rs 10/- each in KSK Dinchang Power Company Private Limited.	10.00	1.00
1,000,000 (31 March 2011: 110,000) Equity shares of Rs 10/- each in KSK Jameri Hydro Power Private Limited.	10.00	1.10

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

	As at	
	31 March 2012	31 March 2011
1,059,280 (31 March 2011: 80,000) Equity shares of NRs. 100/- (in Rs.62.50) each in Tila Karnali Hydro Electric Company Private Limited.	66.20	5.00
Investments in preference shares (unquoted, fully paid up)		
Investment in subsidiary		
4,410,000 (31 March 2011: 4,410,000) 16% Optionally convertible cumulative redeemable preference shares of Rs.10/- each in KSK Wind Energy Private Limited.	145.53	145.53
4,760,000 (31 March 2011: 4,760,000) 6% Convertible preference shares of Rs. 10/- each in Sai Regency Power Corporation Private Limited.	238.00	238.00
	29,591.05	29,512.45

The Company pledged the investments in the following entities in favour of the lenders for extending the loans to the respective companies

Details of shares pledged (no of shares)	As at	
	31 March 2012	31 March 2011
Equity shares of Rs. 10/- each in KSK Wind Energy Private Limited.	265,500	265,500
16% Optionally convertible cumulative redeemable preference shares of Rs.10/-each in KSK Wind Energy Private Limited.	2,627,273	2,627,273
Equity shares of Rs.10/-each in KSK Mahanadi Power Company Limited.	1,179,400,501	-
Class 'A' Equity shares of Rs. 10/- each in Wardha Power Company Limited.	47,762,190	-

12 Loans and advances

	As at	
	31 March 2012	31 March 2011
Long-term loans and advances		
<i>Unsecured, considered good</i>		
Capital advances	0.13	1.47
Security deposits	250.00	250.00
Prepaid expenses	0.37	0.30
Advance for investments		
related parties	1,314.00	1,058.38
others	325.19	-
Loans and advances		
related parties	-	50.00
	1,889.69	1,360.15

	As at	
	31 March 2012	31 March 2011
Short-term loans and advances		
<i>Unsecured, considered good</i>		
Loans and advances		
related parties	5,559.08	5,421.80
others	40.25	-
Advances for supplies / expenses	0.60	1.90
Prepaid expenses	6.62	10.19
Other receivables	762.41	195.59
Advance tax and TDS receivable (net of provision for tax)	83.97	177.14
Security deposits	8.44	10.35
	6,461.37	5,816.97
	8,351.06	7,177.12

13 Other assets

	As at	
	31 March 2012	31 March 2011
Other non-current assets		
<i>Unsecured, considered good</i>		
Trade receivables	230.00	230.00
Mat credit entitlement	-	106.32
Balances with banks;		
Deposits held as margin money or security against		
guarantees or borrowings	0.95	10.31
Interest accrued on deposits	0.05	0.30
	231.00	346.93
Other current assets		
<i>Unsecured, considered good</i>		
Interest accrued on deposits	279.04	194.38
Unbilled revenue	-	9.44
Balances with statutory authorities	115.86	8.29
	394.90	212.11
	625.90	559.04

14 Trade receivables

	As at	
	31 March 2012	31 March 2011
<i>Unsecured, considered good</i>		
Debts outstanding for a period exceeding six months	92.55	33.28
Other debts		
others	-	91.60
related parties	207.87	148.43
	300.42	273.31

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

15 Cash and bank balances

	As at	
	31 March 2012	31 March 2011
Cash and cash equivalents		
Cash on hand	0.11	0.12
Balances with banks;		
On current accounts	23.96	50.87
	24.07	50.99
Other bank balances		
Deposits with bank held as margin money or security against guarantee or borrowings	322.66	476.86
Deposits having maturity more than three months	21.47	4.00
	344.13	480.86
	368.20	531.85

16 Revenue from operations

	Year ended	
	31 March 2012	31 March 2011
Sale of electricity	55.15	209.28
Project development fees	393.09	795.48
Corporate support service fees	227.00	54.90
	675.24	1,059.66

17 Other Income

	Year ended	
	31 March 2012	31 March 2011
Net gain on sale of investments	3.00	-
Foreign exchange gain, net	4.52	3.90
Miscellaneous income	4.79	0.44
	12.31	4.34

18 Manufacturing expenses

	Year ended	
	31 March 2012	31 March 2011
Operation and maintenance expenses	10.77	5.39
	10.77	5.39

19 Employee benefit expenses

	Year ended	
	31 March 2012	31 March 2011
Salaries, wages and bonus	95.60	99.65
Contribution to provident and other funds	0.38	5.13
Staff welfare expenses	3.37	6.01
	99.35	110.79

20 Other expenses

	Year ended	
	31 March 2012	31 March 2011
Rent	11.66	15.76
Printing and stationery	2.52	3.10
Communication expenses	5.57	5.69
Electricity expenses	2.77	4.52
Travel and conveyance	3.24	6.61
Insurance charges	2.80	5.10
Legal and professional charges	23.76	23.22
Remuneration to auditors		
for audit	2.00	2.00
for other services (including tax audit)	0.03	0.06
Repair and maintenance -others	4.14	6.24
Seminar expenses/ subscription	0.68	1.91
Office expenses	7.44	7.03
Directors sitting fees	0.48	0.58
Loss on sale of assets	2.40	-
Donations (refer note a)	25.01	1.07
Miscellaneous expenses	10.60	8.52
	105.10	91.41

a The following are the political contributions made during the year within the limits prescribed under section 293A of the Companies Act, 1956:

Name of the party	Year ended	
	31 March 2012	31 March 2011
Bharatiya Janata Party	25.00	-

21 Finance costs (net)

	Year ended	
	31 March 2012	31 March 2011
Interest expense		
on fixed period loans	309.61	496.80
on others	776.85	331.36
Other borrowing costs	3.32	28.38
	1,089.78	856.54
Less: Interest income	1,038.95	568.84
	50.83	287.70

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

22 Contingent liabilities and commitments

a Contingent liabilities

	As at	
	31 March 2012	31 March 2011
(i) Bank guarantees and letter of credits outstanding	3,493.73	3,837.54
(ii) Corporate guarantees outstanding	8,223.03	10,719.50
(iii) Service tax department has issued demand order for payment of service tax amounting to Rs 505.64 (including penalty) relating to the disagreement on availment of Cenvat Credit for the period April 2008 to September 2010 and non-payment of service tax. However, the Company believes that the claims raised by the department are not tenable and the Company has filed an appeal against the said order before the CESTAT.		

b Estimated value of the contracts to be executed on capital and other account and not provided for:

	As at	
	31 March 2012	31 March 2011
(i) Capital Commitments	0.74	2.78

(ii) Other commitment:

The Company has entered into an arrangement for buying out an additional stake in KSK Mahanadi Power Company Limited (a subsidiary). The commitment pending under the arrangement as at 31 March 2012 is Rs. 3,904.55. (31 March 2011: Rs 4,150.13).

23 Operating leases

The Company has entered in to certain operating lease agreements. An amount of Rs 11.66 (31 March 2011: Rs. 15.76) paid under such agreements has been disclosed as "Rent" under other expenses in the Profit and loss statement.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is setout below:

	As at	
	31 March 2012	31 March 2011
Lease obligations		
Within one year of the Balance Sheet date	2.81	2.57
Due between one to five years	-	2.83
Due after five years	-	-

24 Expenditure in foreign currency on accrual basis

	Year ended	
	31 March 2012	31 March 2011
Foreign travel	0.09	0.02
Interest expense	0.53	3.54
Other expenditure	-	1.41
	0.62	4.97

25 Earnings/(loss) per share (EPS)

The Computation of EPS as per AS 20 is set out below

	Year ended	
	31 March 2012	31 March 2011
Net Profit after tax	5.37	334.99
Less : Preference dividend and tax thereon	(93.17)	(46.52)
Net Profit/(loss) attributable to shareholders for basic / diluted EPS	(87.80)	288.47
Weighted average number of shares outstanding for the purpose of calculation of basic and diluted EPS (Rs. in million)	372.63	372.63
Earnings/(loss) per share – basic / diluted (in Rs.)	(0.24)	0.77

26 Unhedged foreign currency exposure

Particulars of unhedged foreign currency exposure

	As at			
	31 March 2012		31 March 2011	
Loans	-	-	Rs. 267.88	US \$ 5.90
Interest on loans	-	-	Rs. 1.46	US \$ 0.03

27 Segment Reporting

The Segment report has been prepared in accordance with the Accounting Standard 17 "Segment Reporting". There is only one reportable geographical segment as all the business and operations of the Company are carried out in India.

For the purpose of business segments, the Company is engaged in two segments, viz., Project development and power generation.

Year ended 31 March 2012	Project development activities	Power generating activities	Inter segment	Total
Revenue	620.09	55.15	-	675.24
Segment result	399.83	27.61	-	427.44
Unallocated income, net				759.34
Finance costs				(1,089.78)
Profit before tax				97.00
Tax expense				(91.63)
Profit after tax				5.37
Segment assets	37,095.99	115.94	-	37,211.93
Unallocated assets				2,518.53
Total assets				39,730.46
Segment liabilities	3,564.40	23.38	-	3,587.78
Unallocated liabilities				9,147.35
Total liabilities				12,735.13
Other segment information				
Depreciation / amortisation	16.24	16.33	-	32.57
Capital expenditure	288.74	-	-	288.74

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

Year ended 31 March 2011	Project development activities	Power generating activities	Inter segment	Total
Revenue	850.38	209.28	-	1,059.66
Segment result	634.65	136.16	-	770.81
Unallocated income				573.18
Finance costs				(856.54)
Profit before tax				487.45
Tax expense				(152.46)
Profit after tax				334.99
Segment assets	36,840.49	1,331.54	-	38,172.03
Unallocated assets				1,299.55
Total assets				39,471.58
Segment liabilities	3,642.08	1.50	-	3,643.58
Unallocated liabilities				8,744.87
Total liabilities				12,388.45
Other segment information				
Depreciation / amortisation	15.77	65.49	-	81.26
Capital expenditure	40.13	-	-	40.13

28 Related party Disclosures

a Parties where control exists

S.No	Name of the party	Relationship
1.	K&S Consulting Group Private Limited	Ultimate holding company
2.	KSK Power Ventur plc	Step up holding company
3.	KSK Energy Limited	Holding company
4.	KSK Electricity Financing India Private Limited	Subsidiary company
5.	J R Power Gen Private Limited	Subsidiary company
6.	KSK Dibbin Hydro Power Private Limited	Subsidiary company
7.	Kameng Dam Hydro Power Private Limited	Subsidiary company
8.	KSK Narmada Power Company Private Limited	Subsidiary company
9.	KSK Wind Energy Private Limited	Subsidiary company
10.	KSK Vidarbha Power Company Private Limited	Subsidiary company
11.	Sai Maithili Power Company Private Limited	Subsidiary company
12.	KSK Wardha Infrastructure Private Limited (formerly KSK Technology Ventures Private Limited)	Subsidiary company
13.	KSK Mahanadi Power Company Limited	Subsidiary company
14.	KSK Upper Subansiri Hydro Energy Private Limited	Subsidiary company
15.	KSK Dinchang Power Company Private Limited	Subsidiary company
16.	KSK Jameri Hydro Power Private Limited	Subsidiary company
17.	Tila Karnali Hydro Electric Company Private Limited	Subsidiary company
18.	Sai Regency Power Corporation Private Limited	Subsidiary company
19.	VS Lignite Power Private Limited	Subsidiary company
20.	Wardha Power Company Limited	Subsidiary company
21.	Arasmeta Captive Power Company Private Limited	Subsidiary company

b Parties where significant influence exists and where the transactions have taken place during the year

S.No	Name of the party	Relationship
1.	Sitapuram Power Limited	Joint venture
2.	KSK Water Infrastructures Private Limited	Fellow subsidiary
3.	KSK Mineral Resources Private Limited	Fellow subsidiary
4.	KSK Surya Photovoltaic Venture Private Limited	Fellow subsidiary
5.	KSK Cargo Mover Private Limited	Fellow subsidiary
6.	SN Nirman Infra Projects Private Limited	Fellow subsidiary

c Key Management personnel and their relatives

S.No	Name of the party	Relationship
1.	S. Kishore	Whole-time Director
2.	K .A .Sastry	Whole-time Director
3.	Mrs. Aditi Kishore	Relative of Key Management Personnel
4.	Mrs. K.Satyavathi	Relative of Key Management Personnel

d Related party transactions

	Year ended	
	31 March 2012	31 March 2011
Project development fees		
KSK Mahanadi Power Company Limited	-	404.75
KSK Wind Energy Private Limited	-	61.35
J R Power Gen Private Limited	371.25	247.50
Arasmeta Captive Power Company Private Limited	5.52	-
Wardha Power Company Limited	16.32	44.08
Sai Regency Power Corporation Private Limited	-	37.80
	393.09	795.48
Corporate support service fees		
Arasmeta Captive Power Company Private Limited	8.60	4.30
Sai Regency Power Corporation Private Limited	11.60	5.80
VS Lignite Power Private Limited	40.50	13.50
Wardha Power Company Limited	162.00	27.00
Sitapuram Power Limited	4.30	4.30
	227.00	54.90
Interest income		
KSK Dibbin Hydro Power Private Limited	110.35	56.28
Kameng Dam Hydro Power Private Limited	98.92	61.55
KSK Mahanadi Power Company Limited	64.63	95.92
J R Power Gen Private Limited	74.65	3.78
KSK Upper Subansiri Hydro Energy Private Limited	221.02	134.34
Arasmeta Captive Power Company Private Limited	133.88	35.02
Sai Regency Power Corporation Private Limited	14.66	12.64
VS Lignite Power Private Limited	124.53	36.32
Wardha Power Company Limited	84.26	53.98
Sitapuram Power Limited	59.22	38.34
	986.12	528.17

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

	Year ended	
	31 March 2012	31 March 2011
Sale of investments		
VS Lignite Power Private Limited	1.82	-
KSK Surya Photovoltaic Venture Private Limited	0.84	-
KSK Mineral Resources Private Limited	0.84	-
	3.50	-
Interest charges		
KSK Wind Energy Private Limited	53.87	62.11
KSK Water Infrastructures Private Limited	6.82	-
	60.69	62.11
Sale of assets		
KSK Wind Energy Private Limited	883.70	-
KSK Mahanadi Power Company Limited	2.00	-
	885.70	-
Advance for investments		
KSK Mahanadi Power Company Limited	250.00	15,496.25
J R Power Gen Private Limited	-	129.00
KSK Wind Energy Private Limited	-	175.00
KSK Dinchang Power Company Private Limited	25.90	1.00
KSK Jameri Hydro Power Private Limited	21.80	1.10
Tila Karnali Hydro Electric Company Private Limited	34.91	35.00
Sai Regency Power Corporation Private Limited	-	238.00
Wardha Power Company Limited	360.00	-
VS Lignite Power Private Limited	156.00	-
	848.61	16,075.35
Refund of advance for investments		
KSK Mahanadi Power Company Limited	-	802.35
Wardha Power Company Limited	488.01	22.82
KSK Wind Energy Private Limited	25.88	-
	513.89	825.17
Loans given to		
KSK Dibbin Hydro Power Private Limited	247.62	158.53
Kameng Dam Hydro Power Private Limited	143.97	84.85
J R Power Gen Private Limited	594.55	200.42
KSK Narmada Power Company Private Limited	-	0.20
KSK Vidarbha Power Company Private Limited	0.03	0.03
KSK Mahanadi Power Company Limited	1,431.43	443.63
KSK Upper Subansiri Hydro Energy Private Limited	296.80	1,147.57
KSK Dinchang Power Company Private Limited	1.82	7.56
KSK Jameri Hydro Power Private Limited	0.85	4.98
Arasmeta Captive Power Company Private Limited	490.24	422.52
Sai Regency Power Corporation Private Limited	8.09	350.22
VS Lignite Power Private Limited	1,233.02	1,174.99
Wardha Power Company Limited	1,243.62	1,706.30
KSK Cargo Mover Private Limited	0.53	-
Sitapuram Power Limited	181.91	161.50
Sai Maithili Power Company Private Limited	4.93	-
S N Nirman Infra Projects Private Limited	-	0.25
	5,879.41	5,863.55

	Year ended	
	31 March 2012	31 March 2011
Refund of the loans advanced from		
KSK Dibbin Hydro Power Private Limited	7.52	3.82
Kameng Dam Hydro Power Private Limited	0.56	0.07
J R Power Gen Private Limited	18.55	96.62
KSK Mahanadi Power Company Limited	1,321.32	13,979.21
KSK Upper Subansiri Hydro Energy Private Limited	1.82	0.43
KSK Dinchang Power Company Private Limited	0.08	-
KSK Jameri Hydro Power Private Limited	0.44	-
Arasmeta Captive Power Company Private Limited	59.14	0.02
Sai Regency Power Corporation Private Limited	8.01	264.02
VS Lignite Power Private Limited	1,921.42	476.59
Wardha Power Company Limited	2,383.38	484.50
Sitapuram Power Limited	60.01	140.00
Sai Maithili Power Company Private Limited	9.86	-
S N Nirman Infra Projects Private Limited	-	0.25
	5,792.11	15,445.53
Loans taken from		
KSK Wind Energy Private Limited	33.11	451.94
KSK Water Infrastructures Private Limited	456.64	-
	489.75	451.94
Repayment of loan		
KSK Wind Energy Private Limited	521.76	306.03
KSK Water Infrastructures Private Limited	343.76	-
	865.52	306.03
Deposits accepted		
Sai Regency Power Corporation Private Limited	-	22.50
VS Lignite Power Private Limited	31.00	23.20
Wardha Power Company Limited	4.52	48.70
	35.52	94.40
Refund of deposits		
VS Lignite Power Private Limited	23.20	-
Sai Regency Power Corporation Private Limited	22.50	-
Wardha Power Company Limited	48.70	-
	94.40	-
Other advances		
Wardha Power Company Limited	-	13.50
KSK Wind Energy Private Limited	23.38	-
	23.38	13.50
Purchase of fixed assets		
K & S Consulting Group Private Limited	134.86	-
K. Satyavathi	70.65	-
Aditi Kishore	70.65	-
	276.16	-
Managerial remuneration		
S. Kishore	9.00	9.00
K.A. Sastry	9.00	9.00
	18.00	18.00

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

e. The Company has the following amounts dues from/to related parties:

	As at	
	31 March 2012	31 March 2011
Advances (included in loans and advances)		
KSK Dibbin Hydro Power Private Limited	760.00	519.90
Kameng Dam Hydro Power Private Limited	654.60	511.19
J R Power Gen Private Limited	726.10	150.10
KSK Narmada Power Company Private Limited	16.65	16.65
KSK Vidarbha Power Company Private Limited	1.99	1.97
KSK Mahanadi Power Company Limited	389.12	279.02
Sai Maithili Power Company Private Limited	-	4.93
KSK Upper Subansiri Hydro Energy Private Limited	1,442.12	1,147.14
KSK Dinchang Power Company Private Limited	24.30	22.57
KSK Jameri Hydro Power Private Limited	17.55	17.14
Arasmeta Captive Power Company Private Limited	913.90	482.80
Sai Regency Power Corporation Private Limited	86.28	86.20
VS Lignite Power Private Limited	10.00	698.40
Wardha Power Company Limited	82.04	1,221.80
Sitapuram Power Limited	433.90	312.00
KSK Cargo Mover Private Limited	0.53	-
	5,559.08	5,471.81
Loans taken (included in borrowings)		
KSK Wind Energy Private Limited	401.85	890.50
KSK Water Infrastructures Private Limited	112.89	-
	514.74	890.50
Interest receivable (included in other current assets)		
KSK Mahanadi Power Company Limited	14.84	7.67
KSK Dibbin Hydro Power Private Limited	28.08	14.62
Kameng Dam Hydro Power Private Limited	24.26	14.57
KSK Upper Subansiri Hydro Energy Private Limited	53.44	32.33
Arasmeta Captive Power Company Private Limited	45.00	13.01
Sai Regency Power Corporation Private Limited	3.29	4.73
J R Power Gen Private Limited	25.92	0.53
VS Lignite Power Private Limited	-	18.12
Wardha Power Company Limited	5.06	27.72
Sitapuram Power Limited	14.45	8.87
	214.34	142.17
Interest payable (included in interest accrued and due)		
KSK Wind Energy Private Limited	15.78	-
KSK Water Infrastructures Private Limited	3.03	-
	18.81	-
Receivables (included in trade receivables)		
J R Power Gen Private Limited	122.85	122.85
VS Lignite Power Private Limited	16.75	-
Wardha Power Company Limited	60.75	16.20
Sai Regency Power Corporation Private Limited	4.32	9.38
Arasmeta Captive Power Company Private Limited	2.13	-

	As at	
	31 March 2012	31 March 2011
Sitapuram Power Limited	1.07	-
	207.87	148.43
Advance for Investments (included in loans and advances)		
KSK Mahanadi Power Company Limited	691.00	441.00
KSK Wind Energy Private Limited	-	25.88
J R Power Gen Private Limited	73.50	73.50
KSK Dinchang Power Company Private Limited	16.90	-
KSK Jameri Hydro Power Private Limited	12.90	-
Tila Karnali Hydro Electric Company Private Limited	3.70	30.00
Wardha Power Company Limited	360.00	488.01
VS Lignite Power Private Limited	156.00	-
	1,314.00	1,058.39
Deposits/advances(included in trade payables)		
KSK Mahanadi Power Company Limited	3,500.00	3,500.00
Sai Regency Power Corporation Private Limited	-	22.50
Wardha Power Company Limited	4.52	48.70
VS Lignite Power Private Limited	31.00	23.20
KSK Wind Energy Private Limited	23.38	-
	3,558.90	3,594.40
Other advances (included in other current liabilities)		
Wardha Power Company Limited	-	13.50
	-	13.50
Managerial remuneration payable		
S. Kishore	0.57	0.57
K.A. Sastry	0.58	0.57
	1.15	1.14

- f) Equity held in subsidiaries and step down subsidiary have been disclosed under "Investment", (see note no 11).
- g) The Company has provided securities by way of pledge of investments for loans taken by subsidiaries (see note no 11).
- h) The holding company has pledged certain shares held in the Company as security towards the borrowings of the Company.
- i) Corporate guarantees of Rs.17,098.00 (31 March 2011 Rs.38,120.00), Bank guarantees of Rs.4,809.08 (31 March 2011 Rs.3,562.16) and Letter of credit limits of Rs.1,338.85 (31 March 2011 Rs.457.98) has been given by the Company on behalf of subsidiaries and fellow subsidiaries.
- j) Corporate guarantees of Rs.11,255.00 (31 March 2011 Rs.11,555.00) has been given by step-up holding Company on behalf of the Company.

NOTES TO FINANCIAL STATEMENTS (CONTINUED...)

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

- 29 During the year ended 31 March 2012, pursuant to the Shareholders and Board of Directors approval, the Company has sold its 26 windmills assets aggregating to 31.80 MW situated in the state of Tamilnadu to its subsidiary, KSK Wind Energy Private Limited for a total consideration of Rs. 883.70 million and incurred a loss of Rs.291.93 million and the same is disclosed as exceptional item in accordance with AS-5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies". The following statement shows the revenue and expenses of discontinuing operations.

	Year ended	
	31 March 2012	31 March 2011
Income		
Sale of electricity	55.15	209.28
Expenditure		
Generation expenses	10.77	5.39
Other expenses	292.36	2.24
Interest and finance cost	-	62.11
Depreciation	16.33	65.49
(Loss) / profit before tax	(264.31)	74.05
Provision for taxes		
Current tax	-	14.76
Deferred tax	(180.01)	152.81
MAT credit entitlement	-	(14.76)
Loss after tax	(84.30)	(78.76)

	Year ended	
	31 March 2012	31 March 2011
Net cash from operating activities	61.25	56.28
Net cash from investing activities	-	-
Net cash from financing activities	-	(62.11)
Net increase / (decrease) in cash and cash equivalents	61.25	(5.83)

-
- 30 During the year ended 31 March 2012, Company has sold Investment in Sai Maithili Power Company Private Limited for a total consideration of Rs. 3.50.
- 31 Pursuant to completion of open offer during the year, shareholdings of the promoters and promoter group have gone up from 54.94% to 74.94%.
- 32 In the opinion of the Board of Directors, sundry debtors, loans and advances as at 31 March 2012 stated would be realized in the ordinary course of the Company's business are expected to produce at least the amount at which they are stated in the Balance Sheet.
- 33 Previous year figures have been regrouped / reclassified to conform to the classification of the current year.

As per our report of even date

For **Umamaheswara Rao & Co.,**
Chartered Accountants
Firm Registration No: 004453S

For and on behalf of the Board

Sd/-
R. R. Dakshina Murthy
Partner
Membership No: 211639

Sd/-
S. Kishore
Whole-time Director

Sd/-
K. A. Sastry
Whole-time Director

Sd/-
D. Suresh Babu
Company Secretary

Place: Hyderabad

Date : 5 May 2012

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS.....

TO THE BOARD OF DIRECTORS OF KSK ENERGY VENTURES LIMITED

We have audited the attached consolidated Balance Sheet of KSK Energy Ventures Limited ('the Company') and its subsidiaries and Joint Venture (collectively referred as 'the KSK group') as at 31 March 2012 and the consolidated Profit and Loss Statement and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 the financial statements. An audit also includes assessing the accounting principals used and significant estimates made by the management, as well as evaluating the over all financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries namely:

- KSK Mahanadi Power Company Limited
- KSK Wind Energy Private Limited
- Kameng Dam Hydro Power Private Limited
- KSK Dibbin Hydro Power Private Limited
- KSK Narmada Power Company Private Limited
- KSK Wardha Infrastructure Private Limited (formerly KSK Technology Ventures Private Limited)
- KSK Vidarbha Power Company Private Limited
- JR Power Gen Private Limited
- KSK Upper Subansiri Hydro Energy Private Limited
- KSK Jameri Hydro Power Private Limited
- KSK Dinchang Power Company Private Limited
- Tila Karnali Hydro Electric Company Private Limited
- Arasmeta Captive Power Company Private Limited.
- Sai Regency Power Corporation Private Limited
- Wardha Power Company Limited
- Field Mining and Ispats Limited
- Sai Maithili Power Company Private Limited
- Sitapuram Power Limited (Joint venture)

Whose financial statements reflect total assets of Rs. 158,398 million as at 31 March 2012, total revenue of Rs. 17,362 million and cash flows amounting to Rs. 2,530 million. The financial statements and other information of the subsidiaries and joint Venture have been audited by other auditors whose reports have been furnished to us and our opinion, in so far it relates to amounts included in respect of these subsidiaries and joint venture, is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of the accounting standards (AS) 21, Consolidated financial statements and Accounting Standard (AS) 27, financial reporting of interest in joint ventures issued by the Institute of Chartered Accountants of India.

Based on our audit as aforesaid, and on consideration of reports of other auditors on financial statements and on other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of consolidated Balance Sheet, of the state of the KSK Group as at 31 March 2012;
- ii) in the case of consolidated Profit and Loss Statement, of the profit for year ended on that date; and
- iii) in the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Umamaheswara Rao & Co.,**

Chartered Accountants
Firm Registration No: 004453S

Sd/-
(R.R. Dakshina Murthy)
Partner
Membership No: 211639

Place : Hyderabad

Date : 5 May 2012

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

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

	Note	As at	
		31 March 2012	31 March 2011
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	4	4,726.30	4,726.30
(b) Reserves and surplus	5	25,879.58	24,659.11
		30,605.88	29,385.41
2 Minority interest	6	5,283.39	4,858.82
3 Non-current liabilities			
(a) Long-term borrowings	7	80,543.51	51,148.06
(b) Deferred tax liabilities (net)	8	175.47	291.99
(c) Other long term liabilities	9	2,616.47	1,495.39
(d) Long-term provisions	11	46.66	25.39
		83,382.11	52,960.83
4 Current liabilities			
(a) Short-term borrowings	7	18,924.14	14,559.05
(b) Trade payables	10	2,073.50	1,576.80
(c) Other current liabilities	12	30,926.40	11,083.45
(d) Short-term provisions	11	245.87	130.95
		52,169.91	27,350.25
		171,441.29	114,555.31
II ASSETS			
1 Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		46,108.13	31,672.24
(ii) Intangible assets		2,044.30	2,039.56
(iii) Capital work in progress		66,601.69	35,142.79
(iv) Intangible assets under development		6.53	9.52
(b) Non-current investments	14	215.81	212.81
(c) Deferred tax assets (net)	8	1,069.69	529.44
(d) Long-term loans and advances	15	16,564.37	20,916.94
(e) Other non-current assets	16	2,095.04	906.56
		134,705.56	91,429.86
2 Current assets			
(a) Current investments	14	221.69	196.79
(b) Inventories	17	1,232.11	763.28
(c) Trade receivables	18	3,802.36	2,151.61
(d) Cash and bank balances	19	20,323.08	13,277.78
(e) Short-term loans and advances	15	9,681.15	6,031.87
(f) Other current assets	16	1,475.34	704.12
		36,735.73	23,125.45
		171,441.29	114,555.31

See accompanying notes to consolidated financial statements

As per our report of even date

For **Umamaheswara Rao & Co.**,
Chartered Accountants
Firm Registration No: 004453S

For and on behalf of the Board

Sd/-
R. R. Dakshina Murthy
Partner
Membership No: 211639

Sd/-
S. Kishore
Whole-time Director

Sd/-
K. A. Sastry
Whole-time Director

Sd/-
D. Suresh Babu
Company Secretary

Place: Hyderabad
Date : 5 May 2012

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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

	Note	Year ended	
		31 March 2012	31 March 2011
I Revenue from operations	20	19,476.41	10,967.36
II Other income	21	1,116.38	625.28
III Total revenue (I+II)		20,592.79	11,592.64
IV Expenses			
Cost of materials consumed		9,988.60	4,335.50
Manufacturing expenses	22	1,096.97	697.41
Employee benefits expenses	23	432.95	297.65
Other expenses	24	1,302.67	550.38
Finance costs	25	5,388.72	2,560.55
Depreciation and amortisation expenses	13	2,163.30	1,223.81
Total expenses		20,373.21	9,665.30
V Profit before exceptional items and tax (III - IV)		219.58	1,927.34
VI Exceptional items		923.52	-
VII Profit before tax (V-VI)		1,143.10	1,927.34
VIII Tax expense / (income)			
Current tax			
For the period		374.23	204.03
In respect of earlier years		2.60	(3.57)
Less: Mat credit entitlement		(80.03)	(192.81)
Deferred tax		(656.77)	(359.97)
Total tax expense / (income)		(359.97)	(352.32)
IX Profit for the year before minority interest (VII - VIII)		1,503.07	2,279.66
Minority interest		189.50	462.14
Profit for the year after minority interest		1,313.57	1,817.52
X Earnings per share:			
Basic and diluted -face value of Rs 10 per share (Rs.)		3 .28	4 .75

See accompanying notes to consolidated financial statements

As per our report of even date

For **Umamaheswara Rao & Co.,**
Chartered Accountants
Firm Registration No: 004453S

For and on behalf of the Board

Sd/-
R. R. Dakshina Murthy
Partner

Sd/-
S. Kishore
Whole-time Director

Sd/-
K. A. Sastry
Whole-time Director

Sd/-
D. Suresh Babu
Company Secretary

Membership No: 211639

Place: Hyderabad

Date : 5 May 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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

	Year ended	
	31 March 2012	31 March 2011
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,143.10	1,927.34
Adjustments for		
Depreciation and amortisation expenses	2,163.30	1,223.81
Finance cost	5,388.72	2,560.55
Interest income	(888.24)	(554.24)
Dividend income	(13.23)	(6.59)
Profit on sale of assets, net	(241.39)	-
Profit on sale of investment	(3.98)	(0.78)
Bad debts written off / advances written off	230.00	24.60
Liquidated damages	(679.61)	-
Unrealised foreign exchange differences	26.57	3.94
Liability no longer required written back	(19.35)	(19.29)
Others, net	(1.76)	0.06
Operating profit before working capital changes	7,104.13	5,159.40
Adjustments for working capital		
Inventories	(468.83)	(271.90)
Trade receivables	(1,740.33)	(1,836.31)
Loan and advances	(2,779.08)	(1,426.91)
Other assets	(291.70)	41.64
Trade payables	506.57	936.35
Other liabilities and provisions	(23.29)	(6.54)
Cash generated from operations	2,307.47	2,595.73
Direct taxes paid	(289.42)	(353.76)
Net cash from operating activities	2,018.05	2,241.97
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work-in-progress and capital advances	(31,506.96)	(14,561.27)
Sale of fixed assets	0.33	30.30
Cash flow on purchase of undertakings	-	(10.62)
Cash flow on sale of wind mill undertakings	1,566.33	-
Gain on dilution of interest in subsidiary to minority	1.44	-
Purchase of non current investments	(3.00)	(52.81)
(Purchase) / sale of current investments, net	(22.36)	(163.55)
(Investment) / redemption of bank deposit (having original maturity more than three months)	(35.61)	298.12
(Investment) / redemption of bank deposit (held as margin money or security against guarantees or borrowings)	(5,734.08)	(403.38)
Advance for investment	(325.19)	(81.00)
Advance for investment - refund	-	7.00
Inter corporate deposit - given	(1,867.28)	(180.24)

	Year ended	
	31 March 2012	31 March 2011
Inter corporate deposit - refund	1,581.84	120.92
Interest income	1,681.36	1,106.50
Dividend income	26.16	13.09
Net cash used in investing activity	(34,637.02)	(13,876.94)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue, net of share issue expenses	-	994.17
Proceeds from share issue and application money in subsidiary to minority interest	3,060.21	2,502.55
Payment of preference dividend including dividend tax	(92.98)	(27.09)
Proceeds from long term borrowings	48,525.11	19,923.50
Repayment of long term borrowings	(10,067.98)	(11,413.53)
Proceeds from short term borrowings, net	4,014.46	8,438.87
Payment of finance costs	(10,363.23)	(7,238.10)
Net cash from financing activities	35,075.59	13,180.37
Net increase in cash and cash equivalents	2,456.62	1,545.40
Effect of exchange rate changes	0.07	(0.14)
Cash and cash equivalents at the beginning of the year	2,533.65	988.39
Cash and cash equivalents at the end of the year	4,990.34	2,533.65

	As at	
	31 March 2012	31 March 2011
Notes		
1 Cash and cash equivalents includes:		
Cash in hand	7.78	3.15
Balances with banks;		
On current account	4,956.77	2,493.00
On deposit account	25.79	37.50
	4,990.34	2,533.65

2 Previous year figures have been regrouped / reclassified to conform to the classification of the current year.

As per our report of even date

For **Umamaheswara Rao & Co.,**
Chartered Accountants
Firm Registration No: 004453S

For and on behalf of the Board

Sd/-
R. R. Dakshina Murthy
Partner

Sd/-
S. Kishore
Whole-time Director

Sd/-
K. A. Sastry
Whole-time Director

Sd/-
D. Suresh Babu
Company Secretary

Membership No: 211639

Place: Hyderabad
Date : 5 May 2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Nature of Operation

KSK Energy Ventures Limited ("KSKEVL" or the "Company"), its subsidiaries and joint ventures (collectively referred to as 'the Group') are primarily engaged in the development, operation and maintenance of private sector power projects, currently predominantly through subsidiaries and jointly controlled entities with multiple industrial consumers in India with next level of growth coming through large base load power plant subsidiaries.

KSKEVL focused its strategy on the private sector power development market, undertaking entire gamut of development, investment, construction, operation and maintenance of power plant with supplies initially to heavy industrials operating in India and now branching out to cater to the needs of utilities and others in the wider Indian power sector.

2. Significant Accounting Policies

2.1 Accounting convention

The Consolidated Financial Statements of KSK Energy Ventures Limited and its Subsidiaries and Joint Ventures ("the Group" or "the Company") have been prepared and presented under the historical cost convention on the accrual basis in accordance with Indian Generally Accepted Accounting Principles (GAAP). 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 and guidelines issued by Securities and Exchange Board of India.

2.2 Use of estimates

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities on the date of Consolidated Financial Statements and reported amounts of income and expenditure for the period. Actual results could differ from these estimates. Examples of such estimates include provision for doubtful debt, future obligation under employee retirement benefit plan, income taxes, useful life of fixed assets, etc. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2.3 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The method of determining the costs of various categories of inventories are as follows:

Raw materials	Weighted average
Stores, spares and consumables	First-in-first-out

2.4 Cash flow statement

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

2.5 Revenue recognition

Revenue in the form of project development fees for services rendered in relation to development work of potential power projects is recognized when such fees is assured and determinable under the terms of the respective contract.

Corporate Support Service income is recognized when such income is assured and determinable under the terms of the respective contract.

Consultancy income is recognised in proportion with the degree of completion of contract.

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

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

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

Claims for delayed payment charges, and any other claim which, the Group is entitled to under the power purchase agreements, on the grounds of prudence are accounted for in the year of acceptance.

Warranty claims/ liquidated damages are not treated as accrued due to uncertainty of realization/ acceptance and are therefore accounted for on receipt / acceptances.

Insurance claims are accounted based on certainty of realisation.

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

2.6 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition. Cost of acquisition is inclusive of freight, duties, levies and all incidentals directly or indirectly attributable to bringing the asset to its working condition for its intended use. Cost of fixed assets includes cost of initial warranty / insurance spares purchased along with the capital asset, which are grouped as single item under respective assets.

Machinery spares of the nature of capital spares are capitalized at the time of their purchase whether procured at the time of purchase of the fixed asset concerned or subsequently. Where such spares are replaced, the carrying cost of the worn out spares are written off. The total cost of such capital spares is allocated on a systematic basis over a period not exceeding the useful life of the principal item.

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

Depreciation on initial / warranty spares are provided on the same rates applicable for that asset group, irrespective of its actual usage.

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

Leasehold improvements are amortised over the lease period.

2.7 Capital work in progress

The cost of fixed assets not ready for their intended use before such date is disclosed under 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.

Claims for price variation / exchange variation in case of contracts are accounted for on acceptance.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

2.8 Foreign currency translation

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

At the Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

The foreign exchange differences arising on account of the restatement of long-term foreign currency monetary items, related to acquisition of depreciable capital assets are being capitalized as per the amendment to Accounting Standard (AS) 11 "The Effect of Changes in Foreign Exchange Rates" made by the Central Government, vide notification dated 31 March 2009 as amended vide notification dated 29 December 2011.

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 recognised in the Profit and Loss Statement in the reporting period in which the exchange rates change.

The premium or discount on all such contracts is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognized as income or expense for the period.

In translating the financial statements of a non-integral foreign operation for incorporation in consolidated financial statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rates and the income and expenses are translated at the dates of the transaction and all the resulting exchange differences are accumulated in foreign currency translation reserve until the disposal of the investment. On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

Other exchange differences are recognized as income or expense in the period in which they arise.

2.9 Investments

Long-term investments, other than investments in associates, are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

2.10 Retirement benefits

Provident fund

Eligible employees receive benefits from a provident fund, which is a defined contribution scheme. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee salary. The contribution made by the Company is charged to the Profit and Loss Statement.

Gratuity

In accordance to the Payment of Gratuity Act, 1972, the Group provides for the gratuity, a defined benefit retirement plan ("the gratuity plan") covering the eligible employees. The gratuity plan provides for a lump sum payment to the vested employees at retirement, death, incapacitation or termination of the employment, of an amount based on the respective employee salary and the tenure of the employment within the Group.

Liabilities with regard to the gratuity plan are determined by independent actuary. The Group makes annual contribution to employee's group gratuity scheme administered by trustees and managed by Life Insurance Corporation of India.

The Group recognises the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard (AS) 15, "Employee Benefits".

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in the Profit and Loss Statement.

2.11 Borrowing cost

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

All other borrowing costs are recognised as an expense in the period/year in which they are incurred.

2.12 Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised. If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized lease assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Lease 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.

2.13 Earnings per share

Basic earnings per share are computed by dividing the net profit or loss after tax attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, net profit or loss after tax attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.14 Taxes on income

Income tax expense / (income) comprises of current tax, deferred tax and Minimum Alternative Tax (MAT) credit.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

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

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 amount that is reasonably/virtually certain (as the case may be) to be realized.

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.

MAT credit

MAT credit is recognized as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Statement and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

2.15 Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Statement. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.16 Provisions and contingencies

Provisions and contingencies

The Company recognises 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.

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 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.

3. Basis of consolidation

The Consolidated Financial Statements relate to KSK Energy Ventures Limited, its Subsidiaries, Associates and interest in Joint Ventures.

3.1. Basis of accounting

The financial statements of the Subsidiary / Associates / Joint Venture Companies in the consolidation are drawn up to the same reporting date as that of the Company.

The Consolidated Financial Statements have been prepared in accordance with Accounting Standards (AS) 21 "Consolidated Financial Statements", (AS) 23 "Accounting for Investments in Associates" and (AS) 27 "Financial Reporting of Interest in Joint Ventures", notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956.

3.2. Principles of consolidation

The Consolidated Financial Statements have been prepared as per the following principles:

The financial statements of the Company and its Subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits or losses.

The Consolidated Financial Statements include the interest of the Company in Joint Ventures, which has been accounted for using the proportionate consolidation method of accounting whereby the Company's share of each of assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line item.

Preference share capital in Joint Venture entities and share application money in subsidiaries held by the outsiders, shown separately together with minority interest under note 6 to Balance Sheet.

The Group accounts for investments by the equity method of accounting where it is able to exercise significant influence over the operating and financial policies of the investee. Inter company profits and losses have been proportionately eliminated until realised by the investor or investee.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except as otherwise stated in the notes to the accounts.

The difference between the cost of investment in the Subsidiary / Joint Venture and the share of net assets at the time of acquisition of shares is identified in the financial statements as goodwill or capital reserve as the case may be.

Minority interests share of profit of consolidated subsidiaries is identified and adjusted against income of the group in order to arrive at the surplus attributable to the shareholders of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

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

3.3. Particulars of Subsidiaries and Joint Ventures:

			(% of Shareholding)	
S. No.	Name of the Company	Country of incorporation	31 March 2012	31 March 2011
Subsidiary Companies				
1.	KSK Narmada Power Company Private Limited	India	100.00	100.00
2.	KSK Wind Energy Private Limited (formerly Bahur Power Company Private Limited)	India	74.00	74.00
3.	KSK Vidarbha Power Company Private Limited	India	100.00	100.00
4.	KSK Wardha Infrastructure Private Limited (formerly KSK Technology Ventures Private Limited)	India	100.00	100.00
5.	Sai Maithili Power Company Private Limited*	India	52.00	100.00
6.	KSK Dibbin Hydro Power Private Limited	India	100.00	100.00
7.	Kameng Dam Hydro Power Private Limited	India	100.00	100.00
8.	Arasmeta Captive Power Company Private Limited	India	51.00	51.00
9.	KSK Electricity Financing India Private Limited	India	100.00	100.00
10.	VS Lignite Power Private Limited	India	74.00	74.00
11.	Sai Regency Power Corporation Private Limited	India	73.92	73.92
12.	Wardha Power Company Limited	India	87.00	87.00
13.	KSK Mahanadi Power Company Limited	India	89.19	89.19
14.	J R Power Gen Private Limited	India	51.00	51.00
15.	KSK Upper Subansiri Hydro Energy Private Limited	India	100.00	100.00
16.	KSK Jameri Hydro Power Private Limited	India	100.00	100.00
17.	KSK Dinchang Power Company Private Limited	India	100.00	100.00
18.	Tila Karnali Hydro Electric Company Private Limited	Nepal	80.00	80.00
19.	Field Mining and Ispats Limited	India	84.98	85.00
Joint Venture Company				
20.	Sitapuram Power Limited	India	49.00	49.00

* Refer Note 35

4 Share Capital

	As at	
	31 March 2012	31 March 2011
Authorised		
4,000,000,000 (31 March 2011: 4,000,000,000) equity shares of Rs. 10/- each	40,000.00	40,000.00
1,031,500,000 (31 March 2011: 1,031,500,000) preference shares of Rs.10/- each	10,315.00	10,315.00
	50,315.00	50,315.00
Issued, subscribed and paid up		
372,630,454 (31 March 2011: 372,630,454) equity shares of Rs. 10/- each fully paid up	3,726.30	3,726.30
100,000,000 (31 March 2011: 100,000,000) 8% Compulsorily redeemable preference shares of Rs. 10/- each fully paid up (refer note a)	1,000.00	1,000.00
	4,726.30	4,726.30

a Above preference shares are redeemable at premium over the period of 5 years, starting from end of the 3rd year from the date of allotment

b Reconciliation of number of shares outstanding

8% Compulsorily redeemable preference shares	As at	
	31 March 2012	31 March 2011
Outstanding at the beginning of the year	100,000,000	-
Issued during the year	-	100,000,000
Outstanding at the end of the year	100,000,000	100,000,000

c Equity Shares held by holding company and its subsidiaries

Name of the shareholder	As at	
	31 March 2012	31 March 2011
KSK Energy Limited		
No of shares held	191,222,031	191,222,031
% of shares held	51.32%	51.32%
KSK Energy Company Private Limited		
No of shares held	79,345,007	13,484,555
% of shares held	21.29%	3.62%
KSK Power Holdings Limited		
No of shares held	8,665,639	-
% of shares held	2.33%	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

d Particulars of the shareholders holding more than 5% of the shares

Name of the shareholder	As at	
	31 March 2012	31 March 2011
Equity shares fully paid up		
KSK Energy Limited		
No of shares held	191,222,031	191,222,031
% of shares held	51.32%	51.32%
KSK Energy Company Private Limited		
No of shares held	79,345,007	13,484,555
% of shares held	21.29%	3.62%
LB Group		
No of shares held	20,828,534	69,807,867
% of shares held	5.59%	18.73%
8% Compulsorily redeemable preference shares fully paid up		
L & T Infrastructure Finance Company Limited		
No of shares held	100,000,000	100,000,000
% of shares held	100.00%	100.00%

5 Reserves and Surplus

	As at	
	31 March 2012	31 March 2011
Securities premium		
Opening balance	18,739.90	18,745.73
Less: Share issue expenses	-	5.83
	18,739.90	18,739.90
Foreign currency translation reserve		
Opening balance	(0.14)	-
Add: Movement during the year	0.07	(0.14)
	(0.07)	(0.14)
Surplus		
Opening balance	5,919.35	4,148.35
Add: Net profit after taxes for the year from Profit and Loss Statement	1,313.57	1,817.52
Amount available for appropriations	7,232.92	5,965.87
Appropriations		
Preference dividend	80.22	39.89
Dividend distribution tax	12.95	6.63
	93.17	46.52
Balance	7,139.75	5,919.35
	25,879.58	24,659.11

6 Minority Interest

	As at	
	31 March 2012	31 March 2011
Minority interest	5,135.93	4,787.10
Preference share capital in JV entities held by others	35.20	35.20
Share application money in subsidiaries held by others	112.26	36.52
	5,283.39	4,858.82

7 Borrowings

	As at	
	31 March 2012	31 March 2011
Long-term borrowings		
<i>Secured</i>		
Term loans		
Rupee loans from banks	31,696.73	17,153.67
Rupee loans from others	28,113.36	19,284.66
Foreign currency loans	20,226.99	14,209.73
Hire purchase loans	6.43	-
<i>Unsecured</i>		
Loans and advances from related parties	270.00	270.00
Deferred payment liabilities	230.00	230.00
	80,543.51	51,148.06
Short-term borrowings		
<i>Secured</i>		
Loans repayable on demand		
From banks *	6,197.35	5,410.60
Foreign currency loans	488.07	267.88
Loans against letters of credit	4,344.82	6,762.99
Loan against deposit	6,579.30	1,979.80
Bill discounting facility	876.93	-
<i>Unsecured</i>		
Loans repayable on demand		
From others	26.58	137.78
From related parties	411.09	-
	18,924.14	14,559.05
	99,467.65	65,707.11

* Out of the above loans repayable on demand from banks, amount of Rs 2,990.33 is guaranteed by KSK Power Ventur plc., the step up holding company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

a. Details of security provided for various credit facilities

KSK Energy Ventures Limited

Rupee term loans from banks and others are secured by way of hypothecation on movable properties of the Company and pledge of certain equity shares of the Company held by KSK Energy Limited, holding Company.

Loans repayable on demand are secured by first pari-passu charge on fixed assets, current assets and corporate guarantee of KSK Power Ventur plc.

Loan against deposits are secured by pledge of deposits.

KSK Wind Energy Private Limited

Loan against deposits are secured by pledge of deposits.

Wardha Power Company Limited

Rupee term loans from banks and others are secured by first charge pari-passu by way of mortgage on all the Company's immovable properties and hypothecation of whole of the movable properties both present and future. Pledge of certain equity shares of the Company held by KSK Electricity Financing India Private Limited.

Foreign currency loans are secured by way of corporate guarantee given by KSK Energy Ventures Limited.

Loans repayable on demand are secured by first pari-passu charge on all fixed and current assets of the Company (existing and future) along with the other member banks/ financial institutions.

Loan against deposits are secured by pledge of deposits.

Bill discounting facilities are secured by creating subservient charges on the entire movable fixed and current assets of the company and corporate guarantee given by KSK Energy Ventures Limited.

Loans against letter of credit are secured by letter of credit facility sanctioned to KSK Energy Ventures Limited.

Sitapuram Power Limited

Rupee term loans from banks and others are secured by first charge on all immovable and movable assets including current assets, both present and future, ranking pari-passu with each lender, pledge of certain equity and preference shares of the company held by KSK Electricity Financing India Private Limited.

Loans repayable on demand are secured by first charge on entire block of assets on pari-passu basis with other lenders.

Loan against deposit is secured by pledge of deposits.

VS Lignite Power Private Limited

Rupee term loans from banks and others are secured by first charge pari-passu by way of mortgage on all the company's immovable properties and hypothecation of whole of the movable properties both present and future, pledge of certain equity shares of the company held by KSK Electricity Financing India Private Limited.

Loans repayable on demand are secured by pari-passu first charge on fixed assets and current assets along with term lenders.

Kameng Dam Hydro Power Private Limited

Loan against deposits are secured by pledge of deposits.

KSK Upper Subansiri Hydro Energy Private Limited

Loan against deposits are secured by pledge of deposits.

KSK Dibbin Hydro Power Private Limited

Loan against deposits are secured by pledge of deposits.

Hire purchase loan is secured by pledge of equipment purchased.

Arasmeta Captive Power Company Private Limited

Rupee term loans from banks and others are secured by first charge pari-passu by way of mortgage on all the Company's immovable properties including leasehold land and freehold land and hypothecation of whole of the movable fixed assets and current assets both present and future. Pledge of fully paid up equity shares of the Company held by KSK Electricity Financing India Private Limited.

Loans repayable on demand are secured by pari - passu first charge on all the Company's immovable properties and hypothecation of all the Company's movables fixed assets and current assets both present and future.

Loan against deposits are secured by pledge of deposits.

KSK Mahanadi Power Company Limited

Rupee term loans from banks and others are secured by first pari-passu charge over all movable properties, intangible assets and other assets (including assignment of rights, titles, interests, benefits, claims etc.) of the company both present and future. Further guaranteed by pledge of certain equity shares of the company held by KSK Energy Ventures Limited.

Foreign currency loans are secured by first pari-passu charge over all movable properties, intangible assets and other assets (including assignment of rights, titles, interests, benefits, claims etc.) of the company both present and future. Further guaranteed by pledge of certain equity shares of the company held by KSK Energy Ventures Limited and pledge of certain fixed deposits.

Loan against letters of credit are secured by first pari-passu charge over all movable properties, intangible assets and other assets (including assignment of rights, titles, interests, benefits, claims etc.) of the company both present and future. Further guaranteed by pledge of certain equity shares of the company held by KSK Energy Ventures Limited, and pledge of certain fixed deposits.

Sai Regency Power Corporation Private Limited

Rupee term loans from banks are secured by first charge pari-passu by way of mortgage on all company's immovable properties and hypothecation of movable properties. Pledge of certain equity shares of the company held by KSK Electricity Financing India Private Limited.

Loans repayable on demand are secured by first pari - passu charge on the entire current assets of the company.

Loan against deposits are secured by pledge of deposits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

2. Repayment terms of long-term borrowings

Name of the lender	Installments	Installment amount	Periodicity	Rate of Interest
Term Loans				
KSK Energy Ventures Limited				
Life Insurance Corporation of India	8	21.88	Quarterly	13.75%
Wardha Power Company Limited				
Indian Overseas Bank - I	34	25.00	Quarterly	13.25%
Indian Overseas Bank - II	36	25.00	Quarterly	13.25%
Housing and Urban Development Corporation Ltd - I	35	58.13	Quarterly	14.00%
Housing and Urban Development Corporation Ltd - II	37	24.10	Quarterly	14.00%
Rural Electrification Corporation Limited - I	35	138.75	Quarterly	12.87%
Rural Electrification Corporation Limited - II	38	112.00	Quarterly	12.53%
Bank of India	33	37.50	Quarterly	14.75%
Oriental Bank of Commerce	35	25.00	Quarterly	14.75%
UCO Bank	39	37.50	Quarterly	13.25%
Standard Chartered Bank	1	2,083.21	30-Jun-14	3.21%
Sitapuram Power Limited				
State Bank of India - I	18	7.22	Quarterly	14.50%
State Bank of India - II	18	8.30	Quarterly	13.40%
Industrial Development Finance Corporation	18	15.28	Quarterly	12.25%
VS Lignite Power Private Limited				
Bank of Baroda	35	6.25	Quarterly	13.25%
Housing and Urban Development Corporation Limited	35	37.50	Quarterly	13.50%
Rural Electrification Corporation Limited	35	25.00	Quarterly	12.86%
State Bank of India	48	Structured repayment	Quarterly	13.25%
Infrastructure Development Finance Company Limited	44	Structured repayment	Quarterly	11.85%
Arasmeta Captive Power Company Private Limited				
Infrastructure Development Finance Company Limited- I	7	32.14	Quarterly	10.50%
Infrastructure Development Finance Company Limited- II	37	24.75	Quarterly	10.93%
L & T Infrastructure Finance Company Ltd	35	2.75	Quarterly	14.00%
State Bank of India - I	36	16.50	Quarterly	13.75%
State Bank of India - II	7	5.36	Quarterly	14.00%
Sai Regency Power Corporation Private Limited				
State Bank of India - I	8	13.70	Quarterly	13.40%
State Bank of India - II	18	20.83	Quarterly	13.45%
State Bank of Mysore	8	6.55	Quarterly	13.70%
Bank of Baroda	45	17.08	Quarterly	13.25%
KSK Dibbin Hydro Power Private Limited				
SREI Equipment Finance Private Limited	27	Structured repayment	Monthly	12.40%

Name of the lender	Repayment starts from	Installments	Installment amount	Periodicity	Rate of Interest
KSK Mahanadi Power Company Limited					
Power Finance Corporation Limited	15-Jul-14	48	394.58	Quarterly	13.50%
Rural Electrification Corporation Limited	15-Jul-14	48	322.29	Quarterly	13.47%
HUDCO Limited	15-Jul-14	48	20.83	Quarterly	14.50%
Life Insurance Corporation Of India	15-Jul-14	48	52.08	Quarterly	14.38%
Andhra Bank	01-Jul-14	48	104.17	Quarterly	15.00%
Axis Bank Limited	01-Jul-14	48	187.71	Quarterly	14.75%
Bank Of Baroda	01-Jul-14	48	41.67	Quarterly	14.75%
Canara Bank	01-Jul-14	48	52.08	Quarterly	14.75%
I D B I Bank	01-Jul-14	48	104.17	Quarterly	15.00%
Indian Bank	01-Jul-14	48	62.50	Quarterly	15.00%
Indian Overseas Bank	01-Jul-14	48	52.08	Quarterly	12.00%
J & K Bank	01-Jul-14	48	41.67	Quarterly	13.50%
L & T Infrastructure Finance Company Limited	01-Jul-14	48	41.67	Quarterly	15.25%
Oriental Bank of Commerce	01-Jul-14	48	52.08	Quarterly	14.75%
Punjab and Sind Bank	01-Jul-14	48	20.83	Quarterly	15.05%
Punjab National Bank	01-Jul-14	48	104.17	Quarterly	15.00%
The Federal Bank Limited	01-Jul-14	48	41.67	Quarterly	14.95%
UCO Bank	01-Jul-14	48	104.17	Quarterly	15.00%
Union Bank of India	01-Jul-14	48	104.17	Quarterly	12.00%
United Bank of India	01-Jul-14	48	83.33	Quarterly	14.35%
State Bank of India	30-Jun-14	42	336.31	Quarterly	14.90%
State Bank of Bikaner & Jaipur	30-Jun-14	42	11.99	Quarterly	14.50%
State Bank of Hyderabad	30-Jun-14	42	23.81	Quarterly	15.00%
State Bank of Patiala	30-Jun-14	42	23.81	Quarterly	14.75%
State Bank of Travancore	30-Jun-14	42	47.62	Quarterly	15.90%

Name of the lender	Secured by Non fund based limits of	Installments	Installment amount	Periodicity	Rate of Interest
Foreign Currency Loans					
KSK Mahanadi Power Company Limited					
Bank of India - Jersey	Andhra Bank	1	1,145.77	05-Sep-12	2.09%
Bank of India - Hongkong	Andhra Bank	1	1,041.61	03-Apr-12	2.33%
Bank of India - London	Andhra Bank	1	1,562.41	05-Sep-12	2.09%
Allahabad Bank - Hongkong	Axis Bank	1	124.55	02-Jan-13	3.34%
Barclays Bank - London	Axis Bank	1	1,015.60	31-May-12	2.64%
Bank of India - Singapore	Axis Bank	1	474.59	03-Jul-12	3.56%
Bank of Tokyo - Singapore	Axis Bank	1	455.43	10-Dec-12	2.25%
Axis Bank - Hongkong	Axis Bank	1	76.32	10-Aug-12	2.74%
Bank of Baroda - Hongkong	Bank of Baroda	1	518.07	20-Apr-12	2.61%
Bank of Baroda - Hongkong	Bank of India	1	1,024.60	04-Apr-12	2.58%
Bank of Baroda - Hongkong	Bank of India	1	785.64	06-Apr-12	2.58%
Bank of Baroda - Newyork	Bank of India	1	850.08	06-Jul-12	3.41%
Bank of India - Jersey	Bank of India	1	338.94	17-Aug-12	2.79%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

Name of the lender	Secured by Non fund based limits of	Install-ments	Installment amount	Periodicity	Rate of Interest
Bank of India - New York	Bank of India	1	2,083.21	03-Apr-12	2.34%
Bank of India - New York	Bank of India	1	865.79	04-Jan-13	3.53%
Bank of India - New York	Bank of India	1	962.53	08-Mar-13	2.11%
Bank of India - New York	Bank of India	1	72.85	10-Mar-13	2.11%
Bank of India - London	Bank of India	1	2,165.58	03-Apr-12	2.33%
Bank of India - London	Bank of India	1	666.43	15-Aug-12	2.30%
State Bank of India - Hongkong	Bank of India	1	1,020.66	17-Dec-12	2.64%
UCO Bank - Hong Kong	Bank of India	1	247.94	05-Jun-12	3.66%
Bank of India - London	Bank of India	1	260.40	25-May-12	3.89%
Canara Bank - Hongkong	IDBI Bank	1	480.85	22-Mar-13	2.05%
UCO Bank - Singapore	IDBI Bank	1	892.43	26-Jun-12	3.61%
Bank of India - London	Indian Bank	1	710.22	08-Mar-13	2.03%
Bank of India - London	Indian Bank	1	941.99	08-Mar-13	2.03%
Bank of India - Jersey	Oriental Bank of Commerce	1	937.45	11-Sep-12	1.93%
Bank of India - London	Oriental Bank of Commerce	1	201.33	07-Sep-12	2.09%
Bank of India - London	Oriental Bank of Commerce	1	363.02	07-Sep-12	2.09%
Bank of India - London	Oriental Bank of Commerce	1	231.78	19-Sep-12	2.09%
Bank of Baroda - Hongkong	Punjab and Sind Bank	1	93.82	21-Mar-13	2.05%
Bank of India - New York	State Bank of Hyderabad	1	136.45	14-Nov-12	3.46%
Bank of Baroda - New York	State Bank of India	1	609.71	23-Apr-12	2.16%
Bank of Baroda - New York	State Bank of India	1	1,000.73	05-Apr-12	2.17%
Bank of Baroda - New York	State Bank of India	1	223.20	04-Jun-12	2.02%
Bank of India - New York	State Bank of India	1	165.48	03-Aug-12	2.17%
Bank of India - London	State Bank of India	1	639.53	13-Apr-12	2.31%
Bank of India - London	State Bank of India	1	743.49	27-Apr-12	2.26%
State Bank of India - Hongkong	State Bank of India	1	1,012.80	10-Sep-12	3.77%
State Bank of India - Hongkong	State Bank of India	1	46.78	13-Apr-12	2.59%
Canara Bank - Hongkong	State Bank of Travancore	1	190.56	22-Mar-13	2.05%
Bank of India - London	UCO Bank	1	996.94	19-Sep-12	2.09%
Bank of India - London	UCO Bank	1	65.19	18-Apr-12	2.61%
Bank of India - London	UCO Bank	1	242.02	13-Apr-12	2.31%
Bank of India - Singapore	Union Bank of India	1	849.18	14-Mar-13	2.05%
Bank of India - Jersey	Union Bank of India	1	466.13	12-Dec-12	3.59%
The Bank of New York Mellon - Newyork	Union Bank of India	1	525.03	27-Jun-12	3.71%

Foreign currency loans are repayable over the period of one year with an option to roll over upto three years from the initial date of availment.

Long term loans from related party is repayable in March 2032.

Deferred payment liabilities are repayable in March 2018.

8 Deferred tax liability / (assets)

	As at	
	31 March 2012	31 March 2011
Deferred tax liability on account of depreciation	868.61	608.46
Deferred tax (asset) on account of carry forward of losses	(1,762.83)	(844.17)
Deferred tax (asset) on gratuity	-	(1.74)
Deferred tax (assets), net	(894.22)	(237.45)

Certain group companies are entitled to avail exemption under section 80IA of the Income Tax Act, 1961 from income tax on profits of business. Based on the assessment of the Company, deferred tax as on 31 March 2012 has been recognized only to the extent the timing differences arising in the current year does not get reversed within the tax holiday period.

9 Other long term liabilities

	As at	
	31 March 2012	31 March 2011
Creditor for capital goods (including retention money)	2,405.06	1,241.38
Security deposit from customers	211.41	254.01
	2,616.47	1,495.39

10 Trade payable

	As at	
	31 March 2012	31 March 2011
Dues to other than micro, small and medium enterprises	2,073.50	1,576.80
	2,073.50	1,576.80

As at 31 March 2012 (31 March 2011: Nil) 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.

11 Provisions

	As at	
	31 March 2012	31 March 2011
Long-term provisions		
For employee benefits (refer note a)	46.66	25.39
	46.66	25.39
Short-term provisions		
For employee benefits (refer note a)	107.25	75.50
For dividend and tax thereon	19.61	19.42
For taxation (net of advance tax) (refer note b)	119.01	36.03
	245.87	130.95
	292.53	156.34

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

The following table sets out the status of the gratuity plan as required under AS 15 (Revised)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	As at	
	31 March 2012	31 March 2011
Present value of obligation at the beginning of the year	55.59	19.58
Interest cost	4.53	1.56
Current service cost	41.56	27.50
Past service cost (non vested benefits)	-	14.54
Past service cost (vested benefits)	-	5.39
Benefits paid	(0.18)	-
Actuarial (gain) / loss	(18.30)	(12.98)
Present value of obligation at the end of the year	83.20	55.59

Change in the fair value of assets

	As at	
	31 March 2012	31 March 2011
Fair value of plan assets at the beginning of the year	20.96	9.78
Expected return on plan assets	2.36	1.34
Contributions	10.34	10.08
Benefits paid	(0.18)	-
Actuarial gains/(loss)	0.18	(0.24)
Fair value of plan assets at the end of the year	33.66	20.96

Amount recognized in the Balance Sheet

	As at	
	31 March 2012	31 March 2011
Present value of obligations at the end of the year	83.20	55.59
Fair value on plan assets at the end of the year	33.66	20.96
Funded status	(49.54)	(34.63)
Unrecognized actuarial gain/(loss)	-	-
Unrecognized past service cost -non vested	3.94	9.24
Net liability	(45.60)	(25.39)

Amount recognized in the Profit and Loss Statement

	Year ended	
	31 March 2012	31 March 2011
Current service cost	41.56	27.50
Interest cost	4.53	1.56
Past service cost (non vested benefits)	5.30	5.30
Past service cost (vested benefits)	-	5.39
Expected return on plan assets	(2.36)	(1.34)
Net actuarial (gain) / loss recognised in the year	(18.48)	(12.74)
Amount included in personnel expense / other income	30.55	25.67

Asset information

Category of Assets	As at	
	31 March 2012	31 March 2011
Insurer managed funds	100%	100%

Summary of actuarial assumptions

	Year ended	
	31 March 2012	31 March 2011
Discount rate	8.17%	8.00%
Salary escalation	15.00%	15.00%
Attrition rate	15.00%	15.00%
Expected return on plan assets	9.15%	9.00%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the Balance Sheet date for the estimated term of the obligations

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

b Income taxes : Certain Group company's income from sale of electrical energy is exempt from tax under section 80 IA of the Income Tax Act, 1961. Provision for current tax for the year in these companies represents tax payable on account of MAT under section 115JB of the Income Tax Act, 1961 on the book profit.

12 Other current liabilities

	As at	
	31 March 2012	31 March 2011
Current maturities of long-term debt	16,150.01	4,277.82
Interest accrued but not due on borrowings	544.29	270.97
Interest accrued and due on borrowings	15.44	196.14
Security deposit from customers	39.92	49.92
Share application money in subsidiary held by others	2,825.14	-
Creditor for capital goods (including retention money)	11,170.55	6,081.07
Forward cover payable, net	-	85.94
Statutory liabilities	181.05	121.59
	30,926.40	11,083.45

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...)

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

13 Fixed Assets

As at 31 March 2012

	Gross Block			Depreciation / Amortisation			Net Block As at 31 March 2012
	As at 1 April 2011	Additions	Adjustments / Deletions	As at 31 March 2012	As at 1 April 2011	For the year	
Tangible assets							
Land and site development							
Freehold	1,738.99	471.71	36.53	2,174.17	-	-	2,174.17
Lease hold	1,269.05	1,219.91	-	2,488.96	25.29	23.05	2,440.62
Buildings							
Freehold	4,427.53	2,723.96	6.86	7,144.63	158.66	203.56	6,782.47
Lease hold improvements	56.67	7.89	0.01	64.55	13.13	20.64	30.79
Plant and equipments	25,851.91	14,126.36	2,169.38	37,808.89	1,737.69	1,931.41	34,359.97
Furniture and fixtures	60.44	18.39	1.25	77.58	16.28	7.05	54.58
Vehicles	81.05	18.57	0.84	98.78	17.81	8.89	72.58
Office equipments	113.99	45.44	1.23	158.20	15.80	8.75	133.76
Computers	82.04	17.20	0.51	98.73	24.77	14.82	59.19
Total tangible assets	33,681.67	18,649.43	2,216.61	50,114.49	2,009.43	2,218.17	46,108.13
Intangible assets							
Goodwill	2,017.86	-	0.04	2,017.82	-	-	2,017.82
Computer software	98.84	15.63	-	114.47	77.14	10.85	26.48
Total intangible assets	2,116.70	15.63	0.04	2,132.29	77.14	10.85	2,044.30
Capital work in progress							
Intangible assets under development							66,601.69
							6.53

As at 31 March 2011

	Gross Block			Depreciation / Amortisation			Net Block	
	As at 1 April 2010	Additions	Adjustments / Deletions	As at 31 March 2011	As at 1 April 2010	For the year	Adjustments / Deletions	As at 31 March 2011
Tangible assets								
Land and site development								
Freehold	1,383.02	390.05	34.08	1,738.99	-	-	-	1,738.99
Lease hold	1,001.00	268.05	-	1,269.05	12.79	12.50	-	1,243.76
Buildings								
Freehold	1,154.61	3,274.62	1.70	4,427.53	49.19	109.51	0.04	4,268.87
Lease hold improvements	9.09	47.58	-	56.67	1.18	11.99	0.04	43.54
Plant and equipments	12,752.35	13,691.03	591.47	25,851.91	653.00	1,097.83	13.14	24,114.22
Furniture and fixtures	41.87	18.57	-	60.44	9.27	7.01	-	44.16
Vehicles	61.15	20.38	0.48	81.05	10.82	6.86	(0.13)	63.24
Office equipments	70.72	43.37	0.10	113.99	9.13	6.67	-	98.19
Computers	54.64	27.40	-	82.04	14.43	10.34	-	57.27
Total tangible assets	16,528.45	17,781.05	627.83	33,681.67	759.81	1,262.71	13.09	2,009.43
Intangible assets								
Goodwill	1,980.29	127.30	89.73	2,017.86	-	-	-	2,017.86
Computer software	76.52	22.32	-	98.84	56.39	20.75	-	21.70
Total intangible assets	2,056.81	149.62	89.73	2,116.70	56.39	20.75	-	77.14
Capital work in progress								
Intangible assets under development								
								35,142.79
								9.52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

14 Investments

	As at	
	31 March 2012	31 March 2011
Non-current investments		
Trade investment		
Investment in equity instruments		
<i>(quoted, fully paid up)</i>		
364,418 (31 March 2011: 330,818) equity shares of Rs. 10/- each in Thiru Arooran Sugars Limited	55.81	52.81
<i>(unquoted, fully paid up)</i>		
3,636,363 (31 March 2011: 3,636,363) equity shares of Rs. 10/- each in Terra Energy Limited	160.00	160.00
	215.81	212.81
Current investments		
Other investment		
Investment in mutual fund		
<i>(quoted, fully paid up)</i>		
20,030,888 (31 March 2011: 14,996,251) units of Rs 10.0015/- each in IDFC Cash Fund - Super Inst Plan C - Daily Dividend	200.34	150.00
Nil (31 March 2011: 507,584) units of Rs.10.0015/- each in IDFC Money Manager Fund -Treasury plan - Super Inst Plan C Growth	-	5.79
Nil (31 March 2011: 1,497,040) units of Rs.13.3597/- each in IDFC Ultra Short Term Fund - Growth	-	20.00
Nil (31 March 2011: 1,993,924) units of Rs.10.0325/- each in SBI Premier Liquid fund	-	20.00
213,430 (31 March 2011: Nil) units of Rs. 100.0300/- each in Birla Sun Life Cash Manager - Daily Dividend	21.35	-
Nil (31 March 2011: 84,837) units of Rs.11.7873/- each in SBI-SHF-Ultra Short Term fund	-	1.00
	221.69	196.79
	437.50	409.60

Aggregate market value of quoted investment as at 31 March 2012 : Rs. 249.75

15 Loans and advances

	As at	
	31 March 2012	31 March 2011
Long-term loans and advances		
<i>Secured, considered good</i>		
Capital advances	14,628.86	18,053.78
<i>Unsecured, considered good</i>		
Capital advances	1,210.39	2,426.01
Security deposits	380.93	326.41
Prepaid expenses	19.00	4.24
Advance for investment	325.19	81.00
Inter corporate deposit related parties	-	25.50
	16,564.37	20,916.94
Short-term loans and advances		
<i>Unsecured, considered good</i>		
Inter corporate deposit related parties	719.29	154.72
others	1,104.46	1,358.09
Advance for supplies / expenses	1,373.19	1,488.56
Prepaid expenses	636.68	268.17
Other receivables		
related parties	949.07	-
others	1,095.43	415.55
Advance tax and TDS receivable (net of provision for tax)	137.19	204.63
Security deposit		
related parties	3,263.71	1,806.45
others	402.13	335.70
	9,681.15	6,031.87
	26,245.52	26,948.81

16 Other assets

	As at	
	31 March 2012	31 March 2011
Other non-current assets		
<i>Unsecured, considered good</i>		
Trade receivables	230.00	230.00
Mat credit entitlement	312.77	343.26
Balances with banks;		
Deposits held as margin money or security against guarantees or borrowings	1,481.26	310.05
Other deposits	15.90	6.03
Interest accrued on deposits	55.11	17.22
	2,095.04	906.56

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

	As at	
	31 March 2012	31 March 2011
Other current assets		
<i>Unsecured, considered good</i>		
Interest accrued on deposits	1,111.91	632.39
Unbilled revenue	189.30	47.66
Balances with statutory authorities	174.13	21.20
Deferred premium on forward contract	-	2.87
	1,475.34	704.12
	3,570.38	1,610.68

17 Inventories

	As at	
	31 March 2012	31 March 2011
<i>(At lower of cost or net realisable value)</i>		
Raw materials	471.69	165.38
Raw materials-in-transit	129.47	131.05
Stores and spares	611.26	412.37
Stores and spares-in-transit	19.69	54.48
	1,232.11	763.28

18 Trade receivables

	As at	
	31 March 2012	31 March 2011
<i>Secured, considered good</i>		
Debts outstanding for a period exceeding six months	212.26	25.45
Other debts	325.49	249.52
<i>Unsecured, considered good</i>		
Debts outstanding for a period exceeding six months	1,155.07	696.71
Other debts	2,109.54	1,179.93
	3,802.36	2,151.61

19 Cash and bank balances

	As at	
	31 March 2012	31 March 2011
Cash and cash equivalents		
Cash on hand	7.78	3.15
Balances with banks;		
On current accounts	4,956.77	2,493.00
On deposit account	25.79	37.50
	4,990.34	2,533.65
Other bank balances		
Deposits with bank held as margin money or security against guarantees or borrowings	15,187.38	10,624.51
Deposit having maturity more than three months	145.36	119.62
	15,332.74	10,744.13
	20,323.08	13,277.78

20 Revenue from operations

	Year ended	
	31 March 2012	31 March 2011
Sale of electricity	19,066.41	10,163.63
Project development fees	393.09	795.48
Corporate support service fees	2.19	2.19
Other operating income	14.72	6.06
	19,476.41	10,967.36

21 Other income

	Year ended	
	31 March 2012	31 March 2011
Interest income	888.24	554.24
Dividend income	13.23	6.59
Net gain on sale of investments	3.98	0.78
Foreign exchange gain, net	-	20.02
Miscellaneous income	210.93	43.65
	1,116.38	625.28

22 Manufacturing expenses

	Year ended	
	31 March 2012	31 March 2011
Consumption of stores and spares	182.61	100.49
Operation and maintenance expenses	643.86	294.47
Cost of import power	72.88	103.74
Raw water charges	158.88	128.39
Load management charges	13.86	43.66
Repairs and maintenance - plant and machinery	24.88	26.66
	1,096.97	697.41

23 Employee benefit expenses

	Year ended	
	31 March 2012	31 March 2011
Salaries, wages and bonus	399.32	264.48
Contribution to provident and other funds	13.20	15.17
Staff welfare expenses	20.43	18.00
	432.95	297.65

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

24 Other expenses

	Year ended	
	31 March 2012	31 March 2011
Rent	30.29	20.33
Rates and taxes	114.03	9.12
Printing and stationery	5.00	5.09
Communication expenses	14.26	11.93
Electricity expenses	7.87	5.68
Travel and conveyance	39.69	29.24
Insurance charges	74.08	45.02
Legal and professional charges	120.28	59.12
Generation and transmission charges	104.36	62.99
Selling and advertisement expenses	185.18	163.21
Remuneration to auditors		
for audit	4.93	4.30
for taxation matters	0.17	0.07
for other services	0.31	0.16
for out of pocket expenses	0.06	0.04
Repairs and maintenance		
building	4.74	1.93
others	50.10	17.42
Bad debts / advances written off	230.00	24.60
Donation / gifts (refer note a)	60.74	17.81
Freight outward	103.96	24.23
Miscellaneous expenses	77.19	48.09
Foreign exchange loss, net	75.43	-
	1,302.67	550.38

- a. The following are the political contributions made by the Group within the limits prescribed under section 293A of the Companies Act, 1956

Name of the Party	Year ended	
	31 March 2012	31 March 2011
Bharatiya Janata Party	39.50	12.00

25 Finance costs

	Year ended	
	31 March 2012	31 March 2011
Interest expense		
on fixed period loans	3,827.06	2,026.96
on others	1,426.42	420.72
Other borrowing cost	135.24	112.87
	5,388.72	2,560.55

The borrowing cost attributable to the acquisition or construction of fixed assets amounting to Rs. 5,400.67 (31 March 2011: Rs.4,716.90) has been capitalised during the year.

26 Contingent liabilities and commitments

a Contingent liabilities (Group's share)

	As at	
	31 March 2012	31 March 2011
(i) Letter of credit outstanding	24.25	275.38
(ii) Bank guarantees outstanding	9.41	-
(iii) Corporate guarantees outstanding	4,606.43	904.66
(iv) Claims against the Group not acknowledged as debt Rs 497.31 (31 Mar 2011: Rs. 116.02).		
(v) The Group has received claims for Rs.652.87 (31 Mar 2011: Nil) from Joint Director General of Foreign Trade (DGFT) towards the recovery of the duty drawbacks, earlier refunded. The Company had earlier made claims for the refund of the duties paid on the machinery and other items purchased for the construction of the power projects under the scheme of deemed export benefit, which were accepted and refunds were granted. The communication from the DGFT regarding the recovery of the duties paid are based on the interpretations by the Policy Interpretation Committee held on 15 March 2011. The company contends that the above change in interpretation requires an amendment to the foreign trade policy to be legally enforceable in law. Since, no such amendment has been done yet, the company believes that outcome of the above dispute should be in favour of the company and there should be no material impact on the financial statements.		
(vi) Service tax department has issued demand order to the Company for payment of service tax amounting to Rs 505.64 (including penalty) relating to the disagreement on availment of Cenvat Credit for the period April 2008 to September 2010 and non -payment of service tax. However, the Company believes that the claims raised by the department are not tenable and the Company has filed an appeal against the said order before the CESTAT.		

b Estimated value of contracts remaining to be executed on capital and other account and not provided for in the Company, its Subsidiaries and Joint Ventures:

	As at	
	31 March 2012	31 March 2011
(i) Estimated value of contracts remaining to be executed on capital account not provided for	77,259.13	109,515.79
(ii) The Company has entered into an arrangement for buying out an additional stake in KSK Mahanadi Power Company Limited. The commitment pending under the arrangement as at 31 March 2012 is Rs. 3,904.55 (31 March 2011: Rs. 4,150.13).		

27. Jointly controlled entities

Proportionate consolidation of interests

The Company has a 49% interest in Sitapuram Power Limited, a Joint Venture (JV) in India. Sitapuram Power Limited ("the Company") was incorporated on 18 July 2005 and is engaged in the business of generation of electricity. The Company was set up as a special purpose entity by Zuari Cements Limited and KSK Energy Ventures Limited to build and operate a 43 MW captive power plant in Sitapuram to cater to the power requirements of Zuari Cements Limited.

The Group has, in accordance with AS 27 "Financial Reporting of Interest in Joint Ventures" issued by the ICAI, accounted for its 49% interest in the JV by the proportionate consolidation method. Thus the Group's Income Statement, Balance Sheet and Cash Flow Statement incorporate the Group's share of income, expenses, assets, liabilities and cash flows of the JV on a line-by-line basis.

	Year ended	
	31 March 2012	31 March 2011
Income		
Revenue from operations	577.89	528.89
Other income	8.10	22.97
Expenses		
Cost of materials consumed	381.28	270.41
Manufacturing expenses	52.42	84.10
Employee benefits expense	8.74	9.23
Other expenses	22.48	30.38
Finance costs	86.79	70.81
Depreciation and amortization expense	44.64	43.41
(Loss) / Profit before tax	(10.36)	43.52
Provision for tax		
Current tax		
for the period	-	8.70
in respect of earlier years	(0.46)	-
Less: MAT credit entitlement	-	(8.70)
Deferred tax	6.09	9.26
(Loss) / Profit after tax	(15.99)	34.26

28 Operating leases

The Consolidated entities have entered in to certain operating lease agreements. An amount of Rs. 83.97 (31 March 2011: Rs. 43.22) paid under such agreements has been disclosed as "Rent" under other expenses in the Consolidated Profit and Loss Statement and expenditure during construction period, pending allocation.

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

	As at	
	31 March 2012	31 March 2011
Lease obligations		
Within one year of the Balance Sheet date	12.88	15.76
Due between one to five years	4.45	13.63
Due after five years	-	-

29 Earnings per share (EPS)

The computation of EPS as per AS 20 is set out below

	Year ended	
	31 March 2012	31 March 2011
Net profit after tax and minority interest	1,313.57	1,817.52
Less: Preference dividend and tax thereon	93.17	46.52
Net profit attributable to shareholders - for basic /diluted EPS	1,220.40	1,771.00
Weighted average number of shares outstanding for the purpose of calculation of basic and diluted EPS (in million)	372.63	372.63
Earnings per share – basic / diluted (in Rs.)	3.28	4.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

30 Derivative instruments and unhedged foreign currency exposure

The following are outstanding foreign exchange forward contracts

Particulars	Purpose	As at	
		31 March 2012	31 March 2011
Forward contract	Hedge of expected future payable	-	US \$ 96.00

Particulars of unhedged foreign currency exposure

Particulars	As at	
	31 March 2012	31 March 2011
Loans	Rs. 33,020.04 US \$ 634.02	Rs 10119.42 US \$ 222.91
Loans	Rs. 76.32 Euro 1.1	- -
Interest on loans	Rs. 329.52 US \$ 6.33	Rs. 186.83 US \$ 4.12
Import creditors (including retention money)	Rs. 11,157.37 US \$ 214.23	Rs. 5,649.65 US \$ 124.45
Import creditors (including retention money)	- -	Rs. 3.43 Euro 0.05
Cash with bank	Rs. 1.24 CNY 0.15	Rs. 2.99 CNY 0.43
Cash with bank	Rs. 4.13 US \$ 0.08	- -

31 Segment reporting

The Segment report of the Group has been prepared in accordance with the Accounting Standard 17 "Segment Reporting". There is only one reportable geographical segment as per Accounting Standard 17. For the purpose of reporting business segments, the Group is engaged in two segments, viz., Project development and power generation.

Year ended 31 March 2012	Project development activities	Power generating activities	Reconciling/ Elimination activities	Total
Revenue	620.09	19,081.13	(224.81)	19,476.41
Segment result	389.18	4,102.74	-	4,491.92
Unallocated income, net				2,039.90
Finance costs				(5,388.72)
Profit before tax				1,143.10
Tax income				359.97
Profit after tax				1,503.07
Segment assets	1,596.15	161,453.21	(207.32)	162,842.04
Unallocated assets				8,599.26
Total assets				171,441.30
Segment liabilities	36.47	19,616.87	(207.32)	19,446.02
Unallocated liabilities				113,280.86
Total liabilities				132,726.88

Year ended 31 March 2012	Project development activities	Power generating activities	Reconciling/ Elimination activities	Total
Other segment information				
Depreciation / amortisation	16.24	2,147.06	-	2,163.30
Capital expenditure	374.13	45,106.30	-	45,480.43

Year ended 31 March 2011	Project development activities	Power generating activities	Reconciling/ Elimination activities	Total
Revenue	850.38	10,169.69	(52.71)	10,967.36
Segment result	632.36	3,230.25	-	3,862.61
Unallocated income, net				625.28
Finance costs				(2,560.55)
Profit before tax				1,927.34
Tax income				352.32
Profit after tax				2,279.66
Segment assets	1,149.43	107,315.01	(161.93)	108,302.51
Unallocated assets				6,252.80
Total assets				114,555.31
Segment liabilities	51.87	11,993.00	(161.93)	11,882.94
Unallocated liabilities				68,428.14
Total liabilities				80,311.08
Other segment information				
Depreciation / amortisation	15.77	1,208.04	-	1,223.81
Capital expenditure	89.88	23,594.95	-	23,684.83

32 Related party disclosure

a Parties where control exists

S No.	Name of the party	Relationship
1	K&S Consulting Group Private Limited	Ultimate holding company
2	KSK Power Ventur plc	Step up holding company
3	KSK Energy Limited	Holding company

(For detail list of subsidiaries see note 3.3)

b Parties where significant influence exists and where the transactions have taken place during the year

S No.	Name of the party	Relationship
1	KSK Cargo Mover Private Limited	Fellow subsidiary
2	KSK Energy Company Private Limited	Fellow subsidiary
3	KSK Mineral Resources Private Limited	Fellow subsidiary
4	KSK Surya Photovoltaic Venture Private Limited	Fellow subsidiary
5	KSK Water Infrastructures Private Limited	Fellow subsidiary
6	KSK Wind Energy Halagali Benchi Private Limited	Fellow subsidiary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

S No.	Name of the party	Relationship
7	KSK Wind Energy Mothalli Haveri Private Limited	Fellow subsidiary
8	KSK Wind Power Aminabhavi Chikodi Private Limited	Fellow subsidiary
9	KSK Wind Power Sankonahatti Athni Private Limited	Fellow subsidiary
10	SN Nirman Infra Projects Private Limited	Fellow subsidiary
11	Sitapuram Power Limited	Joint venture

c Key management personnel and relatives

S No.	Name of the party	Relationship
1	S. Kishore	Whole-time Director
2	K. A. Sastry	Whole-time Director
3	Mrs. Aditi Kishore	Relatives of key management personnel
4	Mrs. K. Satyavathi	Relatives of key management personnel

d Related party transactions

	Year ended	
	31 March 2012	31 March 2011
Project development fees		
Arasmeta Captive Power Company Private Limited	5.52	-
J R Power Gen Private Limited	371.25	247.50
KSK Mahanadi Power Company Limited	-	404.75
KSK Wind Energy Private Limited	-	61.35
Sai Regency Power Corporation Private Limited	-	37.80
Wardha Power Company Limited	16.32	44.08
	393.09	795.48
Corporate support service fees		
Sitapuram Power Limited	2.19	2.19
	2.19	2.19
Interest income		
Arasmeta Captive Power Company Private Limited	37.38	31.88
J R Power Gen Private Limited	74.65	3.78
Kameng Dam Hydro Power Private Limited	105.84	68.46
KSK Dibbin Hydro Power Private Limited	113.70	59.62
KSK Energy Company Private Limited	5.51	-
KSK Mahanadi Power Company Limited	64.63	95.92
KSK Upper Subansiri Hydro Energy Private Limited	221.02	134.34
KSK Water Infrastructures Private Limited	32.92	-
Sai Regency Power Corporation Private Limited	-	11.79
Sitapuram Power Limited	30.20	19.56
SN Nirman Infra Projects Private Limited	5.78	-
Wardha Power Company Limited	32.18	39.86
	723.81	465.21

	Year ended	
	31 March 2012	31 March 2011
Interest charges		
KSK Mahanadi Power Company Limited	-	4.65
KSK Mineral Resources Private Limited	-	3.25
KSK Water Infrastructures Private Limited	6.82	-
Wardha Power Company Limited	-	3.10
	6.82	11.00
Lignite excavation charges		
KSK Mineral Resources Private Limited	382.86	283.39
	382.86	283.39
Water supply charges		
SN Nirman Infra Projects Private Limited	90.00	91.15
	90.00	91.15
Fuel arrangement charges		
KSK Energy Company Private Limited	288.24	-
	288.24	-
Sale of investments		
KSK Surya Photovoltaic Venture Private Limited	0.84	-
KSK Mineral Resources Private Limited	0.84	-
	1.68	-
Loans/deposits taken from		
KSK Energy Company Private Limited	17.00	-
KSK Water Infrastructures Private Limited	456.64	-
KSK Wind Energy Halagali Benchi Private Limited	61.50	-
KSK Wind Power Aminabhavi Chikodi Private Limited	4.00	-
KSK Wind Power Sankonahatti Athni Private Limited	79.50	-
	618.64	-
Repayment of loan taken		
KSK Water Infrastructures Private Limited	343.76	-
	343.76	-
Purchase of fixed assets		
K & S Consulting Group Private Limited	134.86	-
K. Satyavathi	70.65	-
Aditi Kishore	70.65	-
	276.16	-
Receipt of share application money in subsidiary		
KSK Energy Limited	2,825.14	-
	2,825.14	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED.....)

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

	Year ended	
	31 March 2012	31 March 2011
Loans / deposits given to		
KSK Cargo Mover Private Limited	1,469.07	-
KSK Energy Company Private Limited	1,427.10	-
KSK Mineral Resources Private Limited	1,095.88	-
KSK Water Infrastructures Private Limited	1,205.80	771.94
Sitapuram Power Limited	92.77	82.37
SN Nirman Infra Projects Private Limited	299.90	40.10
	5,590.52	894.41
Refund of the loans / deposits advanced from		
KSK Energy Company Private Limited	14.30	-
KSK Mineral Resources Private Limited	198.52	96.70
KSK Water Infrastructures Private Limited	2,197.79	-
Sitapuram Power Limited	30.61	71.40
SN Nirman Infra Projects Private Limited	181.10	-
	2,622.32	168.10
Managerial remuneration		
S. Kishore	9.00	9.00
K.A. Sastry	9.00	9.00
	18.00	18.00

e The Group has the following amount dues from/to related parties

	As at	
	31 March 2012	31 March 2011
Advances / deposit receivable		
KSK Cargo Mover Private Limited	520.53	-
KSK Energy Company Private Limited	1,862.90	450.00
KSK Mineral Resources Private Limited	1,097.36	200.00
KSK Water Infrastructures Private Limited	145.46	1,137.45
Sitapuram Power Limited	221.29	159.12
SN Nirman Infra Projects Private Limited	135.25	40.10
	3,982.79	1,986.67
Loans / deposit payable		
KSK Energy Company Private Limited	17.00	-
KSK Mineral Resources Private Limited	270.00	270.00
KSK Water Infrastructures Private Limited	112.89	-
KSK Wind Energy Halagali Benchi Private Limited	192.20	-
KSK Wind Energy Mothalli Haveri Private Limited	3.50	-
KSK Wind Power Aminabhavi Chikodi Private Limited	6.00	-
KSK Wind Power Sankonahatti Athni Private Limited	79.50	-
	681.09	270.00

	As at	
	31 March 2012	31 March 2011
Interest receivable		
KSK Water Infrastructures Private Limited	3.95	-
KSK Energy Company Private Limited	4.96	-
Sitapuram Power Limited	7.37	4.52
SN Nirman Infra Projects Private Limited	1.48	-
	17.76	4.52
Interest payable		
KSK Water Infrastructures Private Limited	3.03	-
	3.03	-
Receivables		
KSK Cargo Mover Private Limited	949.07	-
Sitapuram Power Limited	0.54	-
	949.61	-
Payables		
KSK Mineral Resources Private Limited	31.98	28.29
KSK Energy Company Private Limited	259.42	-
SN Nirman Infra Projects Private Limited	7.35	29.23
	298.75	57.52
Share application money in subsidiary		
KSK Energy Limited	2,825.14	-
	2,825.14	-
Managerial remuneration payable		
S. Kishore	0.57	0.57
K. A. Sastry	0.58	0.57
	1.15	1.14

- f The Group has given corporate guarantees of Rs.5,834.10 (31 March 2011 Rs.971.23), bank guarantees of Rs.9.41 (31 March 2011 Rs. Nil) and letter of credit limits of Rs.24.25 (31 March 2011 Rs.275.38) on behalf of fellow subsidiaries.
- g The Group has obtained corporate guarantees of Rs.14,455.00 (31 March 2011 Rs.19,255.00) from step-up holding company.
33. During the year ended 31 March 2012, Group has disposed certain wind mill assets with aggregate capacity of 52.25 MW under slump sale for a total consideration of Rs. 2,288.20 and made a gain amounting to Rs 243.90 and the same is disclosed as exceptional item in accordance with AS-5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.
34. During the year ended 31 March 2012, one of the underlying subsidiaries has received an amount of Rs. 679.62 towards liquidated damages and the same is disclosed as exceptional item in accordance with AS-5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.
35. During the year ended 31 March 2012, Group has sold 48 % stake in Sai Maithili Power Company Private Limited for a total consideration of Rs 1.68 and made a gain amounting to Rs 1.44.
36. Pursuant to completion of open offer during the year, shareholdings of the promoters and promoter group have gone up from 54.94% to 74.94%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED...).....

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

37. Short term loans and advances includes an amount of Rs.165.70 in Sitapuram Power Limited ("Joint venture entity"), which represents penal demand charges levied by Andhra Pradesh Southern Power Distribution Company Ltd ("SPDCL") towards temporary outage of the generating plant on Zuari Cements Limited (ZCL), the captive consumer, which has been passed on to the Company. The Company has contended the basis for the charges levied by SPDCL and along with the captive consumer has filed a petition with Andhra Pradesh Electricity Regulatory Commission ("APERC") for revision of the charges claiming that the levy is unreasonable and APERC has dismissed the petition. The Company has filed an appeal before Appellate Tribunal for Electricity against the order of APERC. The Appellate Tribunal for Electricity has allowed the appeal in favour of the Company vide its judgment dated 19 Nov 2010. Aggrieved by this SPDCL has filed an appeal before Honorable Supreme Court and after hearing contention of the Company, Supreme court has passed an order vide dated 27 Jan 2012 to dispose of the application of SPDCL and enable the company to avail appropriate remedy for realization of the amount at appropriate forum and accordingly Company has approached before Appellate Tribunal for electricity at New Delhi for realisation of the amount.
38. Amounts receivable in Sitapuram Power Limited from Zuari Cements Limited ("ZCL") of Rs. 196.71 includes certain amounts claimed / deductions made by ZCL aggregating to Rs. 70.12 which has not been accepted by the Company. The Company is in the process of carrying out a reconciliation of the balances. The Company based on its evaluation of claims believes that these are tenable and hence all outstanding amounts are recoverable. Pending completion of the reconciliation process, no adjustments have been recorded in the underlying financial statements."
39. Trade receivable in Sitapuram Power Limited includes an amount of Rs 43.71 receivable from Andhra Pradesh Power Co-ordination Committee (APPCC) towards bills for the power supplies made for which payments are withheld by APPCC. The Company has filed a writ petition before Honorable High Court of Andhra Pradesh for recovery of the amount due. The management, based on the evaluation of the underlying documents/agreements and on the basis of legal advice, is of the view that the claims/deductions made by APPCC are not tenable and hence all outstanding amounts are recoverable.
40. In the opinion of board, any of the assets other than fixed assets and non-current investment have a value on realization in the ordinary course of business at least equal to the amount at which they are stated on the Balance Sheet.
41. Previous year figures have been regrouped / reclassified to conform to the classification of the current year.

As per our report of even date

For **Umamaheswara Rao & Co.,**
Chartered Accountants
Firm Registration No: 004453S

For and on behalf of the Board

Sd/-
R. R. Dakshina Murthy
Partner
Membership No: 211639

Sd/-
S. Kishore
Whole-time Director

Sd/-
K. A. Sastry
Whole-time Director

Sd/-
D. Suresh Babu
Company Secretary

Place: Hyderabad

Date : 5 May 2012



KSK ENERGY VENTURES LIMITED

Registered Office : 8-2-293/82/A/431/A, Road No. 22, Jubilee Hills, Hyderabad - 500 033

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of KSK ENERGY VENTURES LIMITED will be held on Saturday, 1 September 2012 at NIFT Auditorium, National Institute of Fashion Technology, Opp., Hitech City, Madhapur, Cyberabad, Hyderabad - 500 081 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March, 2012 and the Profit & Loss Account for the Year ended as on that date together with the reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. K Bapi Raju, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Tanmay Das, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. S.R. Iyer, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint M/s. Umamaheswara Rao & Co, Chartered Accountants, Hyderabad, having Firm Registration No. 004453S issued by the Institute of Chartered Accountants of India as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By order of the Board of Directors of
KSK Energy Ventures Limited

Place: Hyderabad
Date: 5 May 2012

Sd/-
D. Suresh Babu
Company Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer books will remain closed from Saturday, 25 August 2012 to Saturday, 1 September 2012 (both days inclusive) in connection with the Annual General Meeting to be held on 1 September 2012.
3. Members desiring to seek any information / clarifications on the Annual Accounts are requested to write to the Company at least 7 (seven) days before the Annual General Meeting to enable the management to compile and keep the information ready.
4. Corporate members intending to send their Authorised Representatives to attend the meeting are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the meeting.
5. Members / Proxies are requested to bring their copies of Annual Reports to the meeting. Copies of annual Reports will not be provided at the meeting.
6. All communications relating to shares may please be addressed to the Company's Share Transfer Agent at the following address:

M/s. Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081
Tel: 040-23420815-28, Fax: 040-23420814 / 23420857
Email: einward.ris@karvy.com
7. Members who attend the meeting are requested to complete the attendance slip and deliver the same at the entrance of the meeting hall.

Important Communication to Members

The Ministry of Corporate Affairs, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice / documents including annual report can be sent by e-mail to its members. To support this green initiative, members who have not registered their e-mail addresses so far, are requested to register their e-mail address, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses by filling the form available in the website of the Company (www.ksk.co.in) and send it to M/s. Karvy Computershare Private Limited, Registrar and Share Transfer Agent, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.

By order of the Board of Directors of
KSK Energy Ventures Limited

Place: Hyderabad
Date: 5 May 2012

Sd/-
D. Suresh Babu
Company Secretary

Details of Directors seeking re-appointment in terms of Clause 49(IV)(G) of the Listing Agreement

Name of the Director	Mr. K. Bapi Raju
Date of Birth	2 March 1964
Date of Appointment	21 December 2007
Qualifications	B.Tech
Brief Resume and Expertise in specific functional area	Mr. K. Bapi Raju is an engineer with a degree in Electronics & Communications with more than two decades of experience in the IT industry. He is positioned in Delhi and leads the Corporate Affairs group and is also actively involved in formulating corporate strategy
Directorships held in other Companies	<ol style="list-style-type: none"> 1. KSK Narmada Power Company Private Limited 2. Sai Regency Power Corporation Private Limited 3. VS Lignite Power Private Limited 4. KSK Wind Energy Private Limited 5. Sai Maithili Power Company Private Limited 6. KSK Vidarbha Power Company Private Limited 7. Anita Impex Limited 8. J R Power Gen Private Limited
Committee Memberships / Chairmanships	Nil
Shareholding, if any, in the Company	Nil
Relationship with other directors	None

Name of the Director	Mr. Tanmay Das
Date of Birth	5 January 1971
Date of Appointment	21 December 2007
Qualifications	B.E. -Electrical, P.G. Diploma in Management, C.F.A.
Brief Resume and Expertise in specific functional area	Mr. Tanmay Das, Non-Executive Director, has a Bachelor's degree in Electrical Engineering and a Postgraduate Diploma in Management besides being a Chartered Financial Analyst. He has more than 15 years of experience in project finance, fund management and development of generation assets. Mr. Das oversees the hydro power business and asset management activities of the Group.
Directorships held in other Companies	<ol style="list-style-type: none"> 1. SBT Properties and Infrastructure Private Limited 2. Amrit Jal Ventures Private Limited 3. Das Capital Management and Advisors Private Limited 4. Tavasya Venture Partners Pte. Ltd. Singapore 5. KSK Investment Advisor Private Limited 6. Tavasya Capital Private Limited 7. Belij Hydro Power Private Limited 8. Gehra Hydro Power Private Limited 9. Mechuka Hydro Power Private Limited 10. Panyor Hydro Power Private Limited 11. Raajratna Energy Holdings Private Limited 12. Kangtangshiri Hydro Power Private Limited 13. KSK Dibbin Hydro Power Private Limited 14. Rapum Hydro Power Private Limited 15. Upper Bichom Small Hydro Projects Private Limited 16. Tel Valley Power Private Limited
Committee Memberships / Chairmanships	Nil
Shareholding, if any, in the Company	Nil
Relationship with other directors	None

Name of the Director	Mr. S.R. Iyer
Date of Birth	28 May 1940
Date of Appointment	12 May 2005
Qualifications	B.Sc, CAIIB
Brief Resume and Expertise in specific functional area	Mr. S R. Iyer is the former and first executive chairman of Credit Information Bureau (India) Limited. Mr. Iyer has vast knowledge and rich experience in the banking industry. He was earlier the Managing Director of State Bank of Mysore and the Managing Director of the State Bank of India. He had been a director on the Boards of all the seven Associate Banks of SBI and on the Boards of two overseas and six domestic subsidiaries of SBI. He had also served as a Director of National Stock Exchange of India Ltd., and GE Capital Business Process Management Service Pvt.Ltd. Mr. S.R. Iyer is presently associated with the National Dairy Development Board as a member of its Investment Committee.
Directorships held in other Companies	<ol style="list-style-type: none"> 1. Zodiac Clothing Company Limited 2. IDMC Limited 3. P N Writer and Company Private Limited 4. KSK Power Ventur Plc 5. KSK Electricity Financing India Private Limited 6. Writer Lifestyle Private Limited 7. Kannada Prabha Publications Limited 8. Writer Safeguard Private Limited 9. Can Fin Homes Limited 10. KSK Mahanadi Power Company Limited 11. Wardha Power Company Limited 12. Writer Relocasia, Hong Kong
Committee Memberships / Chairmanships	<ol style="list-style-type: none"> 1. Zodiac Clothing Company Limited - Audit Committee 2. IDMC Limited - Audit Committee 3. KSK Energy Ventures Limited - Audit Committee 4. KSK Electricity Financing India Private Limited - Audit Committee
Shareholding, if any, in the Company	Nil
Relationship with other directors	None

CORPORATE INFORMATION

Board of Directors

Mr. T. L. Sankar
Mr. S.R. Iyer
Mr. Girish Nilkanth Kulkarni
Mr. K.A. Sastry
Mr. S. Kishore
Mr. K.Bapi Raju
Mr. Anil Kumar Kutty
Mr. Tanmay Das
Mr. Henry Klein (resigned w.e.f. June 30, 2011)
Mr. Abhay M Nalawade (resigned w.e.f. August 12, 2011)

Company Secretary

Mr. D. Suresh Babu

Registered Office

8-2-293/82/A/431/A,
Road No 22, Jubilee Hills,
Hyderabad - 500 033, Andhra Pradesh, India.
Ph : 040-23559922-25,
Fax : 040-23559930,
E-mail : info@ksk.co.in

Statutory Auditors

M/s. Umamaheshwara Rao & Co.,
Chartered Accountants,
Flat No. 5-H, Krishna Apartments, Ameerpet 'X' Roads,
Hyderabad – 500 073.
Andhra Pradesh, India.

Cost Auditors

M/s. S S Zanwar & Associates
#205, 3rd Floor, Reliance Krishna Apartments,
Hill Fort Road, Hyderabad – 500 004.
Andhra Pradesh, India.

Bankers

Andhra Bank
Bank of India
Axis Bank

Registrar & Share Transfer Agent

Karvy Computershare Private Limited,
Plot No 17 - 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.
Andhra Pradesh, India.
Ph: 040-23420815 - 28
Fax: 040-23420814
E-mail: einward.ris@karvy.com

Shares Listed at

National Stock Exchange of India Limited
Bombay Stock Exchange Limited

Website

www.ksk.co.in

CORPORATE SUSTAINABILITY INITIATIVES





KSK ENERGY VENTURES LIMITED

8-2-293/82/A/431/A, Road No. 22, Jubilee Hills, Hyderabad - 500 033, Andhra Pradesh, India.

Ph: +91 40 2355 9922 - 25, Fax: +91 40 2355 9930

www.ksk.co.in