

An aerial photograph of a large-scale industrial construction project. In the foreground, several large rectangular structures are under construction, completely encased in a complex network of wooden scaffolding. To the right, a large, rectangular water reservoir with a light blue-green hue is visible. Further back, there are several completed or partially completed industrial buildings with blue roofs. The ground is a mix of dirt, gravel, and construction materials. In the background, a vast, flat landscape stretches towards a hazy horizon under a cloudy sky.

**ANNUAL REPORT
2012-13**

Board of Directors



Mr. T.L. Sankar



Mr. S.R. Iyer



Mr. Girish Kulkarni



Mr. Anil Kumar Kutty



Mr. K. Bapi Raju



Mr. Tanmay Das



Mr. K.A. Sastry



Mr. S. Kishore





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Chairman's Statement



T.L. Sankar
Chairman

Dear Shareholders,

India is the sixth largest consumer of electricity in the world and accounts for 3.4 per cent of the global energy consumption. The Growth in generation has direct bearing on the GDP Growth as evidenced by the below chart.

GDP Growth Rate - Growth in Generation



The year 2012-13 has been challenging year for the power sector as a whole. Persisting fuel scarcity, inter-ministerial coordination challenges and non-fulfillment of contractually committed supply arrangements are the core issues that continued unaddressed for the sector. While, there are many assurances of redressal of these various challenges and more specifically shortages of fuel, the reality is that adequate fuel is not available to fire many projects and resultant Thermal Plant Load Factor (PLF's) coming down and many stranded assets look imminent.

PLF% of the Thermal Stations



Further the recent gas price increases would make large scale gas based utility capacity augmentation impossible given the impact on the variable cost of power generated from gas plants and their competitiveness vis-a-vis other stations under the merit order dispatch requirements.

However, it is not gloom all round. During the last few months, 12 states that account for 78% of the total energy consumption have made steps to increase the distribution tariff by various measures. This year also witnessed the biggest ever financial restructuring package proposal from the government and Banks for the distribution utilities. All of the above strengthen the power generators through a better off take credit and are extremely positive steps to address the sectoral issues.

S.No.	States	% Electricity Consumption	Date of Tariff Hike
1	Maharashtra	13.10%	NA
2	Andhra Pradesh	9.10%	Apr-13
3	Tamil Nadu	8.40%	Jun-13
4	Uttar Pradesh	8.40%	Jun-13
5	Gujarat	10.20%	Apr-13
6	Karnataka	6.30%	May-13
7	Rajasthan	5.90%	Jun-13
8	Punjab	5.10%	Apr-13
9	Madhya Pradesh	5.10%	Apr-13
10	Haryana	4.20%	Apr-13
11	Goa	0.30%	Apr-13
12	Chhattisgarh	2.20%	Jul-13

The power sector is actually moving from production-oriented power business towards market-driven power business and gradually with PPA bids for long term supply that enable sale arrangements with inputs costs thus long term prospects looking extremely attractive for appropriately built capacities.

I am pleased to present you the 13th Annual Report of your Company. The year 2012-13 has been a good year for the Company both in terms of revenue and also capacity addition. With the group power plants generation crossing 5 billion units and anticipated generation of 9 billion units during the current year, with significant further increases thereafter in the next two years to achieve gross annual generation of 30 billion units during 2015 reflects the growth profile of the Company moving ahead.

Thermal Energy

The Company is presently operating 891 MW of generation capacity further augmented by successful synchronisation of first 600 MW unit of the KSK Mahanadi Power plant (6x600 MW) with the National Grid on 18 May 2013. With capital investment commitment over US\$ 3.6 billion, KSK Mahanadi power plant once fully operationalised will help address the power requirements of multiple states across India, namely Gujarat, Chhattisgarh, Goa, Andhra Pradesh and others with power generation based on long term coal supply arrangements with Gujarat Mineral Development Corporation (GMDC) and Goa Industrial Development Corporation from the committed Morga-II and Gare Pelma-III coal blocks respectively, besides enjoying the benefit of tapering linkage arrangements with the Coal India. Associated water intake infrastructure, fuel support as well as railway infrastructure are to be taken up through group associates and their progress is in line with the requirements of main plant.

Chairman's Statement

I am also pleased to update you that the construction activity with respect to the remaining units of this large, single location, green-field project has seen reasonable good progress during recent months and the commissioning schedules are being planned to synchronize with the planned fuel supplies and stabilization.

During the year, the 540 MW Wardha Power has successfully completed a debt refinancing by availing External commercial Borrowing ("ECB") under the permission of Reserve Bank of India upto USD 250 million, replacing a high cost rupee debt with USD loan facilities from a consortium of two banks. The operations of the plant are supported primarily by coal received from three mines covered under the cost plus coal arrangement with Western Coalfields Limited (WCL) and marginal coal supplies sourced from open market / imported coal.

The 77 MW Sai Regency power plant has achieved good PLF and also good revenues. Further, VS Lignite, the lignite based power plant in Rajasthan has also recorded good PLF levels. However, the 86 MW coal based Arasmeta power plant continues to record low performance both in terms of PLF and also in terms of revenues because of low off take by the captive power consumer, M/s. Lafarge India and the company is constrained to initiate alternate sale arrangement.

Renewable Energy

Your Company marked its foray into green energy market by setting up of 10 MW solar power generation plant in the state of Rajasthan under the Jawaharlal Nehru National Solar Mission, linked with a power purchase agreement for 25 years with the prescribed government agency. Your Company is also currently pursuing setting up additional 50 MW solar power generation plant in the state of Tamil Nadu.

Your Company is also looking at consolidating its wind energy generation portfolio in addition to looking for collaboration for its hydro power initiatives.

Sustainability Initiatives

Sustainability initiatives are an essential ingredient of KSK's business policy and your group embraces this responsibility that comes along with the opportunity of operating across various locations in multiple states in India. Towards this direction, our commitment to community moves beyond the

requirement of social license to operate and to a far noble theme of "Bringing Dignity to Life...."

The year under review marks a significant landmark in the Group's initiative on tertiary healthcare with commencement of the large cardiac Hospital facility at Raipur, with services offered free of any charge to all stakeholders, and having completed over last few months more than 1000 cardiac consultations and over 70 state of art cardiac surgeries. This collaborative initiative intends to achieve a fine blend of the spirit of volunteerism and the corporate necessity to establish sustainable communities.

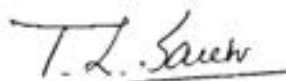
Further, we endeavor developing a robust sustainable development framework including primary health care facilities and have in place initiatives that seek to positively touch the lives of thousands of people every day.

Business strategy and outlook

The capital intensity and associated debt requirement levels of power generation businesses and the current challenging Indian policy environment coupled with high currency volatility is anticipated to impact short term performance indicators. However, overall progress is clearly being made at the operational level, with the Group building on its capabilities to benefit from the growth of scale which should result in longer term financial performance.

With strong execution capability, an efficient business structure, the quality of the asset base in place and secured fuel supplies to the power plants, the Group is well positioned to address the Indian power generation opportunity. The Group remains well equipped to deliver over the longer term, a strong operational performance and will continue to work towards enhancing shareholder returns.

Before I sign off, I wish to place on record my heartfelt thanks to all shareholders, banks/financial institutions, various government & non-government organizations and employees for their trust and continuous support. I also wish to thank my colleagues on the Board for their valuable guidance and support to the Company.



T.L. Sankar
Chairman

Highlights of the year

- Consolidated revenue from sale of energy stood at ₹ **21,911** Million, registering a growth of **15%**
- **5,546** million units were generated during the year against **4,862** million units in the previous year
- During the year, EBIDTA is registered at ₹ **9,191** Million against ₹ **8,695** Million in the previous year
- KSK Mahanadi of **3,600 MW** under active construction with first unit of **600 MW** synchronised and second unit under progress
- Commissioning of common infrastructure, additional infrastructure works for KSK Mahanadi under progress
- **10 MW** solar power generation project commissioned and advance action on additional solar and wind power generation projects
- Hydro & Thermal opportunities – potential collaboration /divestment opportunities

KSK Mahanadi Power, Chhattisgarh



Arasmeta Captive Power, Chhattisgarh



Sai Regency Power, Tamilnadu



Sitapuram Power, Andhra Pradesh





VS Lignite Power, Rajasthan



Wardha Power, Maharashtra



Sai Maithili Power, Rajasthan



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting the Thirteenth Annual Report together with the audited statements of accounts for the year ended 31 March 2013.

STANDALONE FINANCIAL RESULTS

The standalone performance of the Company for the financial year ended 31 March 2013 is summarized below:

Particulars	2012-13	2011-12
Income	492.09	687.55
Expenditure	(322.73)	(266.06)
Depreciation	(16.64)	(32.57)
Exceptional items	-	(291.93)
Profit before Tax	152.72	97.00
Tax expense	(19.91)	(91.63)
Profit after Tax	132.81	5.37
Earnings Per Share (₹) – basic and diluted	0.11	(0.24)

During the year under review, the turnover of the Company is ₹ 492 million as against ₹ 688 million in the previous year. The Profit before tax amounted to ₹153 million as against ₹ 97 million for the previous year. The Profit after Tax is ₹ 133 million as against ₹ 5 million in the previous year.

CONSOLIDATED FINANCIAL RESULTS

During the year 2012-13, the Group has achieved an overall consolidated turnover of ₹ 23,077 million.

Particulars	2012-13	2011-12
Income	23,077.16	20,592.24
Operating expenses (excluding interest and depreciation)	(13,886.25)	(12,820.64)
Exceptional items	-	923.52
Earnings before interest, tax and depreciation (EBITDA)	9,190.91	8,695.12
Finance Cost	(6,017.67)	(5,388.72)
Depreciation	(2,264.68)	(2,163.30)
Profit before Tax	908.56	1,143.10
Tax income	764.96	359.97
Profit after Tax	1,673.52	1,503.07
Earnings Per Share (₹) basic and diluted	3.79	3.28

The consolidated income of the group has increased to ₹ 23,077 million from ₹ 20,592 million registering a growth of 12%. The EBITDA amounted to ₹ 9,191 million as against ₹ 8,695 million for the previous year registering a growth of around 6%. Profit before tax has decreased to ₹ 909 million from ₹ 1,143 million.

DIVIDEND

In order to meet the capital 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 2012-13.

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

REVIEW OF OPERATIONS

KSK Energy Ventures Limited (KSK) is a power project development company with experience in developing and operating multiple power plants across India including conventional and non-conventional energy sources. 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 891 MW of power and actively involved in construction of 3600 MW of KSK Mahanadi Power project. One unit of 600 MW of KSK Mahanadi Power Project was synchronized with National Grid during May 2013 and construction activity with respect to the remaining 5 units of this large, single location, green field project is progressing well.

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;
- Wardha, a 540 MW coal based power project in Maharashtra; and
- Sai Maithili, a 10 MW Solar Power project in Rajasthan;

Power project under active construction stage

- 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 2012-13 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

PUBLIC DEPOSITS

Your 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. Girish N Kulkarni and Mr. Anil Kumar Kutty, 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. KSK Mahanadi Power Company Limited
3. Arasmeta Captive Power Company Private Limited
4. Sai Regency Power Corporation Private Limited
5. VS Lignite Power Private Limited
6. Wardha Power Company Limited
7. Field Mining and Ispats Limited
8. Sai Maithili Power Company Private Limited
9. KSK Wardha Infrastructure Private Limited
10. KSK Wind Energy Private Limited
11. KSK Vidarbha Power Company Private Limited
12. KSK Narmada Power Company Private Limited
13. KSK Dibbin Hydro Power Private Limited
14. Kameng Dam Hydro Power Limited
15. J R Power Gen Private Limited
16. KSK Upper Subansiri Hydro Energy Limited
17. KSK Dinchang Power Company Private Limited
18. KSK Jameri Hydro Power Private Limited
19. Tila Karnali Hydro Electric Company Private Limited
20. Bheri Hydro Power Company Private Limited
21. Sai Power PTE. LTD.

DIRECTORS' REPORT

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, Statement of Profit & Loss 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 during the business hours at the Registered Office of the Company. The members, if desires may write to Company Secretary at the registered office of the Company for obtaining a copy of the financials of the subsidiaries.

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 and forms part of this report.

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.

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 :

	(₹ millions)	
	2012-13	2011-12
Foreign Exchange Earnings	-	-
Foreign Exchange Outgo	-	0.619

PERSONNEL & INDUSTRIAL RELATIONS

Relations between employees and the management continued to be cordial during the year. KSK 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.

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. Judgement 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. We look forward to their continued support in the future.

On behalf of the Board

Sd/-

T.L. Sankar
Chairman

Place: Hyderabad
Date: 28 May 2013



Information Relating to Subsidiary Companies

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

S. No.	Particulars	KSK Wind Energy Private Limited		KSK Wind Private Limited		KSK Vidyut Private Limited		KSK Wipro Private Limited		KSK Wipro Private Limited		KSK Wipro Private Limited		KSK Wipro Private Limited		KSK Wipro Private Limited		KSK Wipro Private Limited		KSK Wipro Private Limited		KSK Wipro Private Limited		KSK Wipro Private Limited		KSK Wipro Private Limited														
		31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013												
1	Share capital	1.50	48.10	0.11	0.11	0.10	0.30	76.70	34,200.64	0.10	5.40	0.90	10.00	10.00	166.41	113.78	1.40	0.90	8,701.15	501.50	214.80	2,200.70	43.30	4,401.81	9.00															
2	Share application money pending allotment	-	-	-	-	-	-	73.00	3,671.00	-	-	-	-	-	2.42	1.80	4.61	2.94	-	60.00	-	-	-	49.29	-	-	-	-	-	-	-	-	-	-	-	-				
3	Reserves	-	54.75	-	-	-	-	1,820.60	1,38,040.08	0.08	4.90	1,887.20	82.82	74.78	218.12	135.13	6.08	3.75	8,095.88	4,962.78	5,500.06	7,095.91	1,501.01	30,669.33	87.08	-	-	-	-	-	-	-	-	-	-	-	-			
4	Total assets	1.72	810.25	2.12	18.77	1,087.08	807.81	1,820.60	1,38,040.08	0.08	4.90	1,887.20	82.82	74.78	218.12	135.13	6.08	3.75	8,095.88	4,962.78	5,500.06	7,095.91	1,501.01	30,669.33	87.08	-	-	-	-	-	-	-	-	-	-	-	-	-		
5	Total liabilities	1.72	810.25	2.12	18.77	1,087.08	807.81	1,820.60	1,38,040.08	0.08	4.90	1,887.20	82.82	74.78	218.12	135.13	6.08	3.75	8,095.88	4,962.78	5,500.06	7,095.91	1,501.01	30,669.33	87.08	-	-	-	-	-	-	-	-	-	-	-	-	-		
6	Investment (except in case of investment in subsidiaries)	-	56.81	-	-	-	-	-	101.27	-	-	-	-	-	-	-	-	-	200.00	-	70.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
7	Turnover (including other income)	-	66.40	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47.30	1,493.06	2,300.09	2,009.30	18.09	15,008.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
8	Profit/(loss) before taxation	-	6.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.68	(965.94)	179.83	(962.72)	2.75	(7,500.45)	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
9	Provision for taxation	0.04	-	-	-	-	-	-	(168.99)	-	-	0.02	-	-	-	-	-	-	0.30	38.20	-	(120.90)	7.08	(718.08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10	Profit/(loss) after taxation and extra back	-	6.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.38	(907.74)	179.83	(841.82)	9.83	(7,718.53)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11	Proposed dividend (including interim dividend and dividend distribution tax thereby)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- Companies under construction stage. The provision represents the tax on other income earned.
- Aarens Captive Power Company Private Limited, VS Lignite Power Private Limited, Sai Regency Power Corporation Private Limited and Wipro Power Company Limited are subsidiaries of KSK Electricity Financing India Private Limited (KSEFIPI), which is 100% subsidiary of the Company.
- Field Mining Ignita Limited is a subsidiary of Wipro Power Company Limited.
- Sai Mahal Power Company Private Limited is a subsidiary of VS Lignite Power Private Limited.
- Sai Power Pils LTD is a subsidiary of KSK Mahanadi Power Company Limited.
- The financial year of the subsidiary ends on July 15 every year, however for the purpose of consolidation the accounts of the subsidiary is being prepared and considered upto 31 March 2013.
- The annual accounts for 2012-13 for all the subsidiaries are available at Company's head office. Any investor/other 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.
- Closing rate considered for converting foreign currency - Nepal Rupee - ₹ 1.8218 and US \$ - ₹ 0.0184

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

1.1 Indian Economy Outlook

The growth rate of India's GDP is around 5 percent in 2012-13 which is lowest since 2003-04. The slower growth is on account of lower growth in agriculture, industry and the services sector which is attributable to both domestic factors as well as the uncertain global economic environment.

Among domestic factors, the tightening of monetary policy during most of 2011-12 in order to control inflation resulted in the slowing down of investment and growth, particularly in the industrial sector.

1.2 Generation

The Indian power sector has an installed generation capacity of 223.34 GW as of March 2013 comprising of Thermal, Hydro, Renewable Energy Sources and Nuclear. Captive power plants generate an additional 34.44 GW. India generated 912 BU (911.64 MU i.e. 912 TWh) of electricity during fiscal year 2012-13 as detailed below:

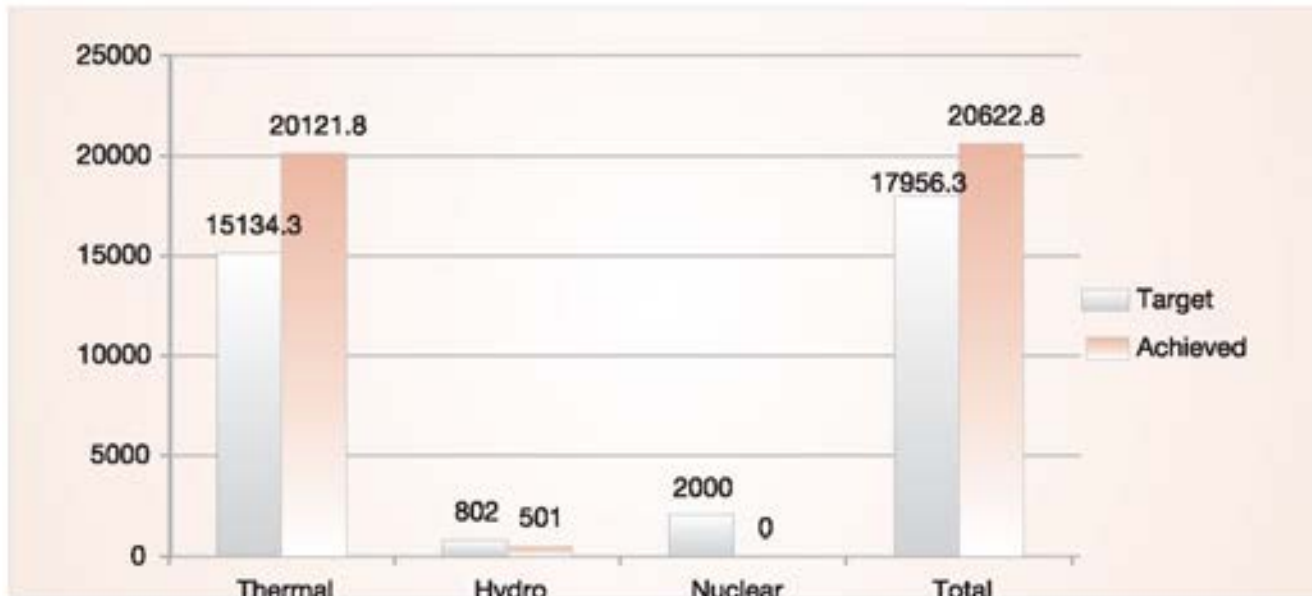
Source	GW	%	BU	%	PLF
Thermal	151.53	68%	760.36	83%	57%
Coal	130.22	58%	691.34	76%	61%
Gas	20.11	9%	64.81	7%	37%
Oil	1.2	1%	4.21	0%	40%
Hydro	39.49	18%			
Renewable	27.54	12%	118.414	13%	34%
Nuclear	4.78	2%	32.87	4%	76%
TOTAL	223.34		911.64		

Efficient infrastructure is a pre-requisite for sustainable and inclusive economic growth and it holds the key to global competitiveness of the Indian economy. The direct correlation between electricity and economic growth is widely acknowledged. India needs power to grow and for that reason the sector presents a massive opportunity.

Management Discussion and Analysis Report

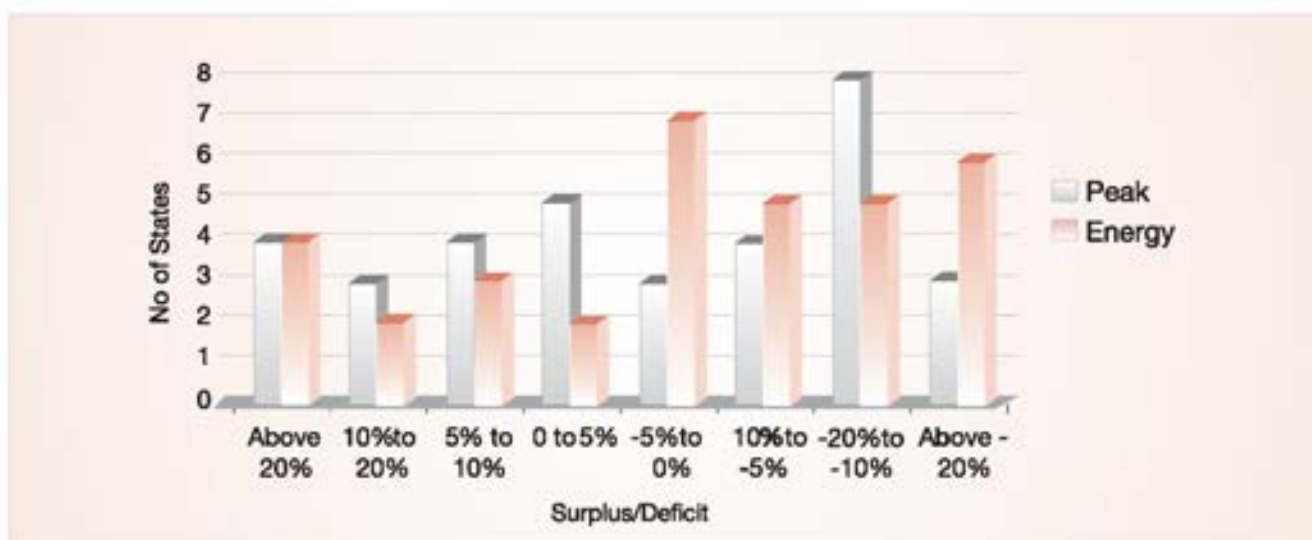
1.3 Capacity Addition in 2012-13

The total capacity added in FY 2012-13 was 20622 MW. Contrary to the earlier scenario capacity addition exceeded the target set for the year. This was mainly due to large number of Coal based power plants getting commissioned during the year. As usual the Hydro and Nuclear plants lagged behind.



1.4 Energy Supply Scenario

The State/UT-wise annual power supply position in each State/ UT is shown in the Chart below. It may be seen that 19 States/UTs would have energy deficit and 22 States/UTs would have peak deficit of varying degrees. It may also be seen that 15 States/UTs would have net surplus energy and 12 States/UTs would have peak surplus on annual basis.



1.5 Region-wise Power Supply Position

All the Regions in the Country namely Northern, Western, Southern, Eastern and North-Eastern Regions continued to experience energy as well as peak power shortage of varying magnitude on an overall basis with any marginal, temporary surpluses made available through bilateral contracts, Power Exchanges or traders. The energy shortage varied from 3.3% in the Western Region to 15.5% in the Southern Region. Region-wise picture in regard to actual power supply position in the country during the year 2012-13 in energy and peak terms is given below:

Region	ENERGY				PEAK			
	Requirement	Availability	Surplus/Deficit		Demand	Met	Surplus/Deficit	
	(MU)	(MU)	(MU)	%	MW	MW	MW	%
Northern	300,774	273,240	-27,534	-9.2	45,860	41,790	-4,070	-8.9
Western	296,475	286,683	-9,792	-3.3	40,075	39,486	-589	-1.5
Southern	281,842	238,058	-43,784	-15.5	38,767	31,586	-7,181	-18.5
Eastern	107,457	102,510	-4,947	-4.6	16,655	15,415	-1,240	-7.4
North-Eastern	11,566	10,718	-848	-7.3	1,998	1,864	-134	-6.7

1.6 Power Supply Scenario Moving Forward

Detailed assessment of annual deficit based on overall monthly maximum demand/energy requirement and maximum peak/energy availability at national level - indicates that the country is expected to experience energy shortage of 6.7% and peak shortage of 2.3% despite very high shortages likely to be experienced by Southern Region.

State/ Region	ENERGY				PEAK			
	Requirement	Availability	Surplus/Deficit		Demand	Met	Surplus/Deficit	
	(MU)	(MU)	(MU)	%	MW	MW	MW	%
Northern	319885	301418	-18467	-5.8	47500	46879	-621	-1.3
Western	286752	283396	-3356	-1.2	43456	46389	2933	6.8
Southern	309840	250583	-59257	-19.1	44670	33001	-11669	-26.1
Eastern	119632	131880	12248	10.2	18257	19700	1443	7.9
North-Eastern	12424	11024	-1400	-11.3	2251	2025	-226	-10
All India	1048533	978301	-70232	-6.7	144225	140964	-3261	-2.3

1.7 Transmission and Distribution

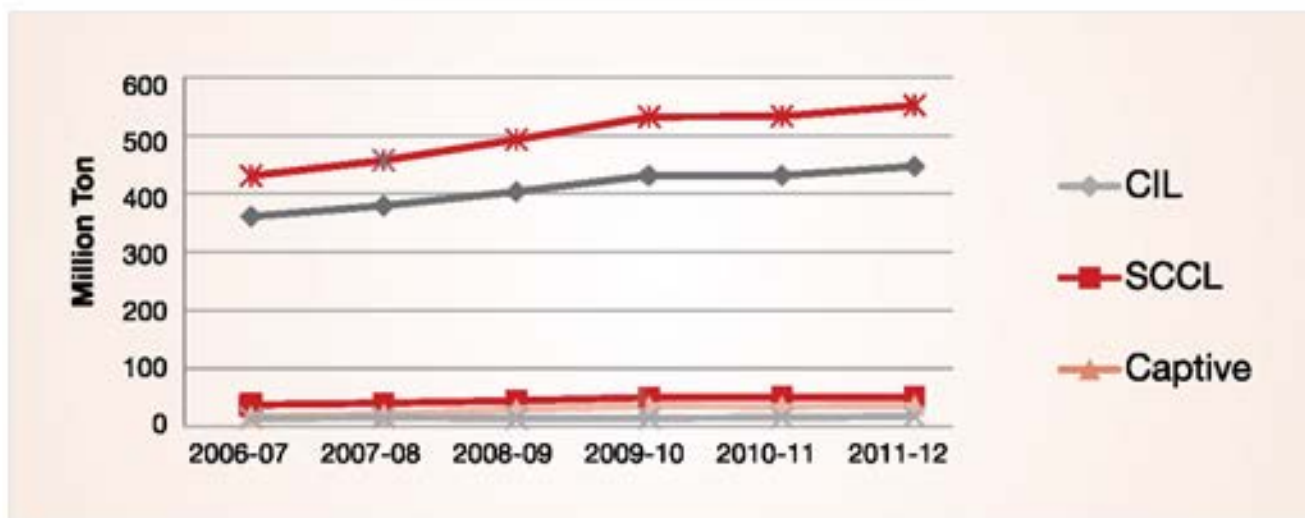
During the year 2012-13, 6 nos. of 765 kV lines and 41 nos. of 400 kV lines in central sector, 25 no. of 400 kV line in state sector and 15 nos. of 400kV lines in private sector have been commissioned. With the commissioning of the above 765 kV and 400 kV transmission lines in different sectors, the inter-state and intra-state capability of power transfer of the country has considerably enhanced. Efforts are also being made for enhanced capacity addition in the XII Five Year Plan.

An inter-regional transmission capacity of 37,800 MW has been planned for the 12th Plan. Transmission line additions of about 1,00,000 ckt. Kms, HVDC terminal capacity of 13,000 MW and AC transformation capacity of 2,70,000 MVA has been planned for the 12th Plan. The distribution sector plays a crucial role in the overall functioning of the Power Sector. The Government is emphasizing on an efficient and well performing distribution sector and is focusing on the improvement of financial health of utilities towards providing reliable and quality power supply and universal access to power.

1.8 Availability of Coal

India is one of the fastest growing developing economies of the world, in developing countries energy sector is of prime importance. Coal dominates the energy mix in India and is expected to be crucial to the future energy requirements in India.

Currently, the government enjoys a monopoly in producing coal with approximately 90% of the production coming from government-controlled mines. On the domestic production front, Coal India Ltd is the largest contributor, accounting for about 81 % of country's coal production; further about 9 % comes from Singareni Collieries Company Ltd (jointly owned by the central government and the state government of Andhra Pradesh) and the remaining comes from privately operated collieries and the captive coal mines.



*Others includes DVC, IISCO, JKML, JSMDCL, WBPDC, SAIL, DVC-EMTA, APMDTCL, TISCO, Meghalaya.

1.9 Prices in Short Term Markets

There has been a significant decline in the price realization on short term power, primarily on account of the procurement behavior of the Distribution licensees, who during the last four years has resorted to load shedding rather than high cost purchases.

2. OPPORTUNITIES AND THREATS

As the Indian power sector is embarking on increasing the generation and transmission capacities, key challenges lie ahead and are required to be dealt with. Power sector is poised at a crucial juncture where it is expected to meet the growing challenges of the future as well as being faced with some fundamental constraints in its path of evolution. With ambitious capacity addition plans, fuel emerges as the most significant constraint, which project developers have to grapple with and the lenders are hesitant to take the risk. Poor financial condition of State utilities due to high AT&C losses and inadequate tariff also are major constraints in the sector. Other major constraints being faced by the power sector pertain to delays in environment clearances and other key inputs such as land and water. Shortage of talent and trained manpower in the construction sector is a long term problem and is likely to continue to push up project costs and risks. Even though concerted efforts are being made to tackle these issues, it is felt that actions to be taken by various other Ministries and Departments, intervention at the highest level is required to comprehensively work out plausible solutions.

The Government of India during the past decade has initiated several reforms to encourage public as well as private investments in the power sector to increase generation capacity and reduce the gap between peak demand and supply position thereby eliminating power deficit.

Towards this, the government has enacted Electricity Act in 2003 and followed up on the reform agenda with many other policy measures to make power generation attractive for investors, viz., allowing 100% Foreign Direct Investment (FDI) in generation, transmission and distribution segments, extending tax holiday and announcement of Ultra Mega Power Projects (UMPP) scheme which encourages private developers to put up large power projects.

The government has continued its efforts to bridge the gap between demand and supply of electricity for sustained economic growth by encouraging clean energy from renewable sources, apart from being an environmentally friendly source of power, can also contribute to India's power needs.

The potential for generating energy from renewable sources in India is enormous. This potential is currently estimated at 48,500 MW for wind energy and 25,000 MW for solar. Power projects employing clean and environment-friendly technology have also been offered additional incentives.

While ambitious capacity addition target of around 88 GW for the 12th plan (2012-17) as set by the Government, the efforts in making available low cost domestic coal, sufficient gas supplies are limited. Public and private sector entities have embarked upon imported coal as a means to bridge the deficit. This has led to some entities to take upon the task of purchasing, developing and operating coal mines in international geographies. While this is expected to secure coal supplies it has again thrown upon further challenges.

Coal is the mainstay of the power production in India and is expected to remain so in the future. Additional power generation is likely to require incremental amount of coal transportation by Indian Railways within the country and increasing unloading at ports in India for imported coal. In both cases India currently faces capacity shortage. A project developer has to account for and manage its logistics chain in a manner that minimizes disruption to its fuel supply. In many cases this is likely to involve self-development of relevant supply infrastructure which poses additional project execution complexity for the developer. Apart from fuel availability various constraints outlined below pose challenges to the development of the power sector including delay in government decision making and award of works, geological surprises, natural calamities, significant exchange rate volatility, delay in environment and forest clearances, funds tie up constraints/delay in financial closure as well as adhoc / slowed down disbursements, R & R issues, law and order problems.

Management Discussion and Analysis Report

The financial health of distribution companies (Discoms), lower tariffs hikes approved by regulatory commissions, acute fuel shortages, slowdown in generation capacity additions by the private developers, attempts to re-structure existing power purchase agreements to accommodate high cost fuel pass through are to be addressed.

The power developers require low cost and innovative structures for operations and they should have the ability to adopt changing situations like government policies, socio-economic conditions to develop strong and sustainable power generation assets.

3. OUTLOOK

The capital intensity and associated debt requirement levels of power generation businesses and the current challenging Indian policy environment coupled with high currency volatility is anticipated to impact short term performance indicators. However, overall progress is clearly being made at the operational level, with the Group building on its capabilities to benefit from the growth of scale which should result in longer term financial performance.

With strong execution capability, an efficient business structure, the quality of the asset base in place and secured fuel supplies to the power plants, the Group is well positioned to address the Indian power generation opportunity. The Group remains well equipped to deliver over the longer term, a strong operational performance and will continue to work towards enhancing shareholder returns.

4. RISKS AND CONCERNS

Your Company like many other power companies is subject to a variety of risks and uncertainties, some of which are as detailed below:

- Delay in obtaining environmental and other approvals for the projects.
- Foreign Currency depreciation and resultant impact on capital goods and raw materials with resulting increase in overall costs.
- Coal linkages not yielding supplies compared to the estimates as the present coal supply is inadequate to meet the capacity addition thereby resulting in dependence on high cost imported coal.
- Difficulty in accessing capital for the projects and the increased cost of capital.
- Ad-hoc decisions by government / government corporations resulting in uncertainties.
- Lack of creation of infrastructure to transport coal and non availability of water.
- Lack of skilled manpower partly because of demographic pressures and partly because of competition from other sectors.
- Political uncertainty, slowed decision making process and bureaucracy.
- Poor financial health of distribution companies.

5. RISK MANAGEMENT

Implementation and review of the risk management initiatives are periodically reported to the Board of Directors of the Company, 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 importantly, 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, your Company is continuously working on appropriate fuel supply as well as power supply obligations that would

enable integration and necessary stability. Further, in so far as the larger power plant is concerned, the fuel Supplies and resultant power supplies are expected to minimize the risk of higher generation cost.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Control Systems are in place for the Company since its inception and are evaluated periodically to meet the changing business conditions. The Company has engaged the services of a Chartered Accountant firm to conduct the internal audit based on the audit plan which includes review and evaluation of the existing processes and controls. Further, an audit of the compliances is also undertaken. The internal controls for the group is supported by an Internal Audit Department and periodic review by the Management.

The Audit Committee meets periodically with the management and internal auditors and reviews the Internal Audit Report along with the management response thereto.

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.

7. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL EFFICIENCY

7.1 Operational update

During the year under review the aggregate installed capacity stands at 891 MW. The operational performance for the financial year 2012-13 of each of the operational power plants is provided as under:

Particulars	Wardha Power (540MW)	VS Lignite Power (135MW)	Sai Regency (Gas) (58 MW)	Sai Regency (Wind) (19 MW)	Arasmeta Captive (86 MW)	Sitapuram Power (43 MW)	Sai Maithill Power (10MW)
Generation (MU)	3403	889	429	41	445	337	2
Plant Load Factor (%)	72	75	84	25	59	89	23

KSK Mahanadi Power Company Limited

The 3,600 MW (6 X 600 MW) Thermal Power Project at Nariyara village, Janjgir - Champa district in the State of Chhattisgarh is the single location, green field private power plant and largest power generation initiative of KSK Group. This coal fired power plant once fully operational will address the power requirements of multiple states across India, namely Gujarat, Chhattisgarh, Goa, Andhra Pradesh and others with power generation based on long term coal supply arrangements with Gujarat Mineral Development Corporation (GMDC) and Goa Industrial Development Corporation (GIDC) from their committed Morga-II and Gare Pelma-III coal blocks besides tapering linkage arrangement with Coal India.

The Company has successfully synchronised its first 600 MW unit with the National Grid on 18th May 2013. Also, while construction activity of this large, single location, green-field project has seen good progress during recent months, the commissioning schedules are being planned to synchronize with the planned fuel supplies.

Management Discussion and Analysis Report

Wardha Power Company Limited

Wardha Power is a 4X135MW (540MW) coal based power plant located at Warora Growth Centre, Chandrapur District in Maharashtra. This Coal based power plant with the operations is primarily supported by coal received from three mines covered under the cost plus coal arrangement with WCL and marginal coal supplies source from open market / imported coal. The power generated is currently supplied to large industrial customers and to major utilities in the state of Maharashtra.

VS Lignite Power Private Limited

VS Lignite is a 135 MW lignite based power plant located at Gurha village in Bikaner District of Rajasthan. The plant supplies power to major industrial customers in Rajasthan and surplus power to state utilities.

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 generators with a capacity of 18.90 MW located in Tirunelveli District of Tamil Nadu. The power generated is supplied to the captive power consumers located in the state of Tamil Nadu and surplus to the state utilities.

Arasmeta Captive Power Company Private Limited

Arasmeta is a coal based power plant located at Gopal Nagar Village of Janjgir-Champa District in Chhattisgarh. Arasmeta is initially set up as a 43 MW coal based power plant that commenced commercial operations in the year 2006 with supplies to the two cement units of Lafarge India Private Limited (LIPL). Subsequently, at the request of LIPL, an additional 43 MW expansion unit has been constructed and the same was commissioned in August, 2011. The power purchase agreements dated 10th February, 2005 and 1st November, 2007 govern the power supply arrangements from Arasmeta to LIPL.

Sitapuram Power Limited

Sitapuram is a 43 MW coal based power plant situated at Dondapadu village of Nalgonda District in Andhra Pradesh. The power generated is supplied to M/s. Zuari Cement Limited, a captive consumer having cement plants in Dondapadu and Yerraguntla in Andhra Pradesh. Surplus power is sold to state utilities.

Sai Malthill Power Company Private Limited

Sai Malthill has set up a 10 MW Solar Power Plant in the State of Rajasthan under Jawaharlal Nehru National Solar Mission as part of group's green energy initiatives. The plant is commissioned in the year 2013 and has been supplying power under power purchase agreement for 25 years with the prescribed government agency.

7.2 Financial performance

The consolidated financial statements of the Company and its subsidiaries are prepared and presented in accordance with the 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 Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India.

Revenues

Sales and other operating income

(₹ million)

Particulars	2012-13	% of total revenue	2011-12	% of total revenue
Sales and operating income	22,070.20	96%	19,475.90	95%
Other income	1,006.96	4%	1,116.34	5%
Total	23,077.16	100%	20,592.79	100%

The total sales and operating income have increased by 13% from ₹ 19,475.90 million for the year ended 31.03.2012 to ₹ 22,070.20 million for the year ended 31.03.2013. The inter se distribution of the sales and operating income is as follows:

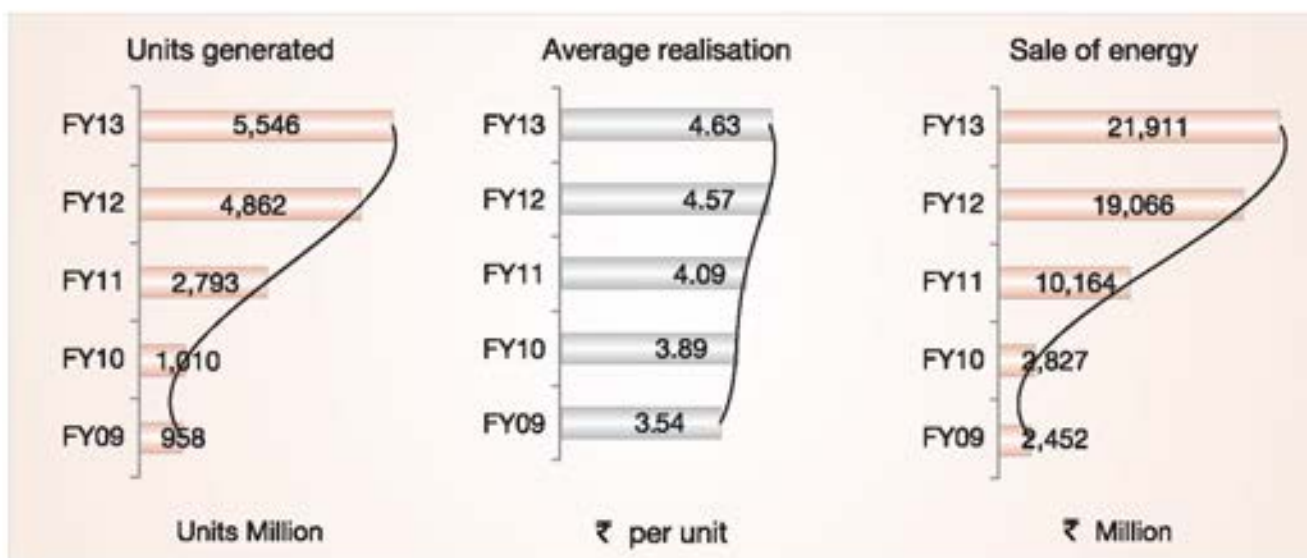
(₹ million)

Particulars	2012-13	% of total revenue	2011-12	% of total revenue
Income from sale of energy	21,910.62	99.28%	19,065.90	97.90%
Project development fee	123.75	0.56%	393.09	2.02%
Corporate support services	2.19	0.01%	2.19	0.01%
Other operating income	33.64	0.15%	14.72	0.07%
Total	22,070.20	100%	19,475.90	100%

Income from sale of energy

Income from sale of energy is primarily from the multiple subsidiaries. The income from sale of energy reported 15% growth over the previous year. The increase in sale of energy mainly derived from higher plant load factor in WPCL. In addition other power plants i.e. Sitapuram, Sai Regency and Arasmeta has also witnessed decent growth both in terms of realization per unit and units sold. Management anticipates much higher growth in this segment in future on account of commercialization of 1st unit of KSK Mahanadi in coming quarters.

Overall Units generated, units sold and average realization trend has been demonstrated in the graph below:



Management Discussion and Analysis Report

Income from project development services

Decrease in income from project development services from ₹ 393.09 million during the year ended March 2012 to ₹ 123.75 million during the year ended March 2013 reflects the maturity of the assets portfolio towards construction and operating assets.

Other Income

Decreased to ₹ 1,006.96 million for the current year as compared to ₹ 1,116.34 million for the previous year as outlined below

Particulars	2012-13	2011-12
Interest income	980.73	888.24
Dividend income	1.28	13.61
Net gain on sale of investments	3.41	3.98
Miscellaneous income	21.54	210.51
Total	1,006.96	1,116.38

Decrease in other income is mainly due to previous year experiencing insurance and other claims. However, the decrease has been offset to certain extent due to increase in interest income on surplus funds parked in deposit and advances.

Expenditure

Generation and operating expenses

Particulars	2012-13	2011-12
Consumption of fuel	10,695.64	9,992.29
Other manufacturing expenses	1,314.50	1,082.38
Total	12,010.14	11,074.67

The total generation and operating expenses indicated an increase of 8% over the previous year from ₹ 11,074.67 million in 2011-12 to ₹ 12,010.14 million in 2012-13. The increase is mainly on account of increase in units generated and increase in average fuel cost from ₹ 2.34 per unit to ₹ 2.43 per unit and also due to full year operation of all four units of Wardha as against part of the year during the previous year.

Administration and employee benefit expenses

Particulars	2012-13	2011-12
Employee benefit expenses	431.65	432.63
Administration expenses	1,444.46	1,313.34
Total	1,876.11	1,745.97

The administration and employee benefit expenses have registered an increase of 7% over the previous year from ₹ 1,745.97 million in 2011-12 to ₹ 1,876.11 million in 2012-13. The increase is mainly on account of increase in open access and transmission charges on account of supplies to captive customers.

Finance costs

The finance cost has increased from ₹ 5,388.72 million in 2011-12 to ₹ 6,017.67 million in 2012-13 reflecting 12% increase year on year. Increase in finance cost is mainly on account of increase in borrowing cost in WPCL due to full year operation of all four units as against part of the year during the previous year.

Depreciation and amortization expenses

Depreciation and amortization expenses has marginally increased from ₹ 2,163.30 million in 2011-12 to ₹ 2,264.68 million in 2012-13 on account of full year depreciation on some of the assets commissioned during the previous year.

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 ₹ (764.96) million (including MAT credit of ₹ 140 million) for 2012-13 as against ₹ (359.97) million (including MAT credit of ₹ 80 million) for 2011-12. The increase in tax is mainly on account of carry forward of losses in WPCL.

Earnings per share

The Earnings per share for the year 2012-13 at ₹ 3.79 showed an improvement of 16% over the previous year.

Segmental analysis

The group is currently engaged in two segments, viz. project development and power generation. Revenue from power generation segment has increased from ₹ 19,080.62 million in 2011-12 to ₹ 21,944.26 million in 2012-13. Net revenue from project development segment has decreased from ₹ 395.28 million in 2011-12 to ₹ 125.94 million in 2012-13. Power generation segment contributes 99% (2012: 98%) revenue of total group revenue. Revenue and profit from project development segment is expected to be lesser in the coming years also and income from sale of energy would be in the mainstay and dominant mix of revenue and profitability henceforth.

Financial position and cash flows

The overall funds employed by the Group at ₹ 174,695 million as at 31 March 2013 increased by ₹ 20,363 million as compared to the year-end position as on 31 March 2012. The Group incurred ₹ 17,719 million towards capital expenditure during the year. The major expenditure was incurred on continuous construction and development activities at our 3600 MW Mahanadi plant and commissioning of 10 MW solar plant at Rajasthan.

The loan portfolio of the Group comprises a blend of domestic and foreign currency loans. Total loan as at 31 March 2013 stood at ₹ 135,760 million increased by ₹ 20,143 million compared to the previous year. The increase is mainly on account of disbursement of term loans and foreign currency loans in Wardha, Mahanadi and solar project for ongoing construction activities and working capital requirements. Apart from above, during the year few of the group subsidiaries also refinanced its existing borrowing.

Management Discussion and Analysis Report

Net customer receivables as at the end of the year stood at ₹ 5,597 million, which include ₹ 1,999 million of receivables contractually not yet due as on 31 March 2013. The balance customer receivables which were contractually due as on 31 March 2013 at 33 days' sales have increased by 1 day's sales over the previous year.

Return on Net worth (RONW) for the year 2012-13 is at 21.63% as against 21.34% for the previous year. The increase in the return on net worth is moderate due to plants commissioned in the recent past are yet to reach their optimum utilization levels.

Tight liquidity position prevailed through the year 2012-13 increasing pressure on the funds employed. The Group strived to achieve the balance between generation of funds at economical rates and their deployment for meeting the increasing business requirements.

Cash accruals from the operations were higher at ₹ 5,566 million as compared to the previous year mainly due to tight working capital management. Proceeds from sale of short term investments, dividend and interest income aided cash generation during the year 2012-13. Apart from deployment of cash for capital expenditure, the Group repaid some of its long term loans amounting to ₹ 17,350 million. Consequently, there was net cash outflow of ₹ 3,550 million for the year 2012-13.

8. HUMAN RESOURCES

Human Resources plays very important role in every organization. Your Company is making continuous efforts to maintain the Human Resources at an optimum level. Talent retention and succession planning are given top priority and are accordingly attended to.

The Human Resource strategy aims at fulfilling both Business and People needs by developing and adopting best-in-class people policies, systems, processes and ensuring their deployment and execution. It enables the organization to proactively pursue performance orientation, meritocracy and high employee engagement.

During the FY 12-13, the Company undertook Talent management and Resource optimization exercise for effective utilization of resources keeping in view the developments in the projects and the business front. The Company also initiated various HR initiatives such as compensation and benefit study, competency framework assessment to meet its ambitious business growth. The total manpower strength of the group as on date is 1302 employees.

The Company has ensured suitable and competitive compensation levels by benchmarking its salary levels within the industry.

GETs were recruited in streams of mechanical, electrical, instrumentation and civil engineering disciplines. These GETs will go through a rigour of focused formal and on the job training and development programmes, in order to groom them as future leaders.

9. SUSTAINABILITY INITIATIVES

Corporate Social Responsibility is an essential constituent of KSK Group's Business policy. Towards this direction, our commitment to community moves beyond the requirement of social license to operate and to a far noble theme of "Bringing Dignity to Life...."

The year under review marks a significant landmark in the Group's initiative on tertiary healthcare with commencement of the large cardiac Hospital facility at Raipur, with services offered free of any charge to all stakeholders and having completed over last few months more than 1000 cardiac consultations and over 70 state of art cardiac surgeries. This collaborative initiative intends to achieve a fine blend of the spirit of volunteerism and the corporate necessity to establish sustainable communities.

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

During the year 2012 – 2013, the following interventions were taken up to achieve the above mentioned initiatives:

1. 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. Nearly 1000 students were benefited across 41 villages in the form of scholarships, provision of sports material, uniforms, school bags, sports meets and summer camps.
2. Building healthier communities: KSK has two models of health care delivery for its affected families and neighboring communities through periphery development approach. While mobile clinic model provides preventive services at the door step of the needy, mega camp model seeks to address major health concerns of the community through referral services. Nearly 1500 patients benefited in 250 camps conducted by KSK group.
3. Facilitating socio-economic empowerment: Your Company 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.
4. 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. Infrastructure development has been taken up in 40 locations and 15,000 families are utilizing the facilities.
5. 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.

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.

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. 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. The Company's objective remains to create long term value for shareholders.

Your Company has complied with the requirements of Corporate Governance as required under Clause 49 of the Listing Agreement with the Stock Exchanges, the disclosure requirements of which are given below.

2. BOARD OF DIRECTORS

Composition and Category of Directors

As on 31 March 2013, the Board of Directors of the Company consists of 8 (eight) Directors out of whom six are Non-Executive/Independent 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 Directorships and chairmanship / membership of committee of each Director in various other Companies is as follows:



Name of the Director & Category	No. of Other Directorships as on 31 March 2013*	No. of other Committee positions held as on 31 March 2013#		No. of Board Meetings attended during the year	Attendance at the 12th Annual General Meeting held on 1 September 2012
		Chairman	Member		
Mr. T. L. Sankar Chairman / Independent Director	2	1	0	5	Yes
Mr. S. R. Iyer Independent Director	6	2	0	5	Yes
Mr. Girish N Kulkarni Independent Director	3	0	1	3	No
Mr. Anil Kumar Kutty Non-Executive Director	2	0	2	4	Yes
Mr. Tanmay Das Non-Executive Director	1	0	0	2	Yes
Mr. K. Bapi Raju Non-Executive Director	9	0	0	3	Yes
Mr. K.A. Sastry Whole-time Director / Promoter Director	14	3	3	5	Yes
Mr. S.Kishore Whole-time Director / Promoter Director	14	1	5	5	Yes



Report on Corporate Governance

* Excludes Directorships in foreign companies, private limited companies and Section 25 Companies

Represents Chairmanship / Membership of Audit & Shareholders/Investors Grievance Committee

Number of Board Meetings:

The Board of KSK Energy Ventures Limited met five times during the financial year under review on the following dates: 5 April 2012, 5 May 2012, 4 August 2012, 3 November 2012 and 2 February 2013.

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
- Remuneration Committee
- Shareholders/Investors Grievance 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 audits 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 of clause (2AA) of Section 217 of the Companies Act, 1956;

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- 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 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: 5 May 2012, 4 August 2012, 3 November 2012 and 2 February 2013.

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. Girish Kulkarni	Member	3

All the above members and Chairman are Independent Directors.

The Audit Committee invites such of the executives, as it considers appropriate (and particularly the head of the Accounts function) to be present at its meetings. The Internal Auditor and Statutory Auditors are also invited to the meetings. The Company Secretary, acts as the Secretary of the Committee.

Report on Corporate Governance

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.

Details of Remuneration paid to Directors for the year ended 31 March 2013:

(₹)

Name of the Director	Sitting Fees	Salary	Perquisites	Commission	Total
Mr. T. L. Sankar	1,80,000	-	-	-	1,80,000
Mr. S. R. Iyer	1,80,000	-	-	-	1,80,000
Mr. Girish N Kulkarni	1,20,000	-	-	-	1,20,000
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 / Investors 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 5 May 2012, 4 August 2012, 3 November 2012 and 2 February 2013.

Composition of the Shareholders/Investors Grievance Committee as on 31 March 2013 and attendance record during the year 2012-13 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 Annual Report	3	3	Nil
TOTAL	3	3	Nil

Report on Corporate Governance

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
2009-10	6 September 2010 11.00 AM	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 was passed 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.
2011-12	1 September 2012 11.00 AM	NIFT Auditorium, National Institute of Fashion Technology, Opp. Hi-tech City, Madhapur, Cyberabad, Hyderabad – 500 081	No Special Resolution 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 2013. The details of related party transactions are disclosed in Note 26 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 (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.

9. GENERAL SHAREHOLDER INFORMATION

- (a) **Annual General Meeting Date and time** : 21 September 2013 at 11 A.M
Venue : Bhaskara Auditorium, B M Birla Science Centre, G P Birla Marg, Adarsh Nagar, Hyderabad - 500 063
- (b) **Financial Year Calendar (Tentative)**
Results for the quarter ending 30 June 2013 : Second week of August 2013
Results for the quarter ending 30 September 2013 : Second week of November 2013
Results for the quarter ending 31 December 2013 : Second week of February 2014
Results for the quarter & year ending 31 March 2014 : Mid / Last week of May 2014
- (c) **Book Closure date** : Saturday, 14 September 2013 to Saturday, 21 September 2013 (Both days inclusive)
- (d) **Listing on Stock Exchanges with Stock Code**

Name and Address of the Stock Exchange	Scrip Code / Trading Symbol
BSE 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 2013-14 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

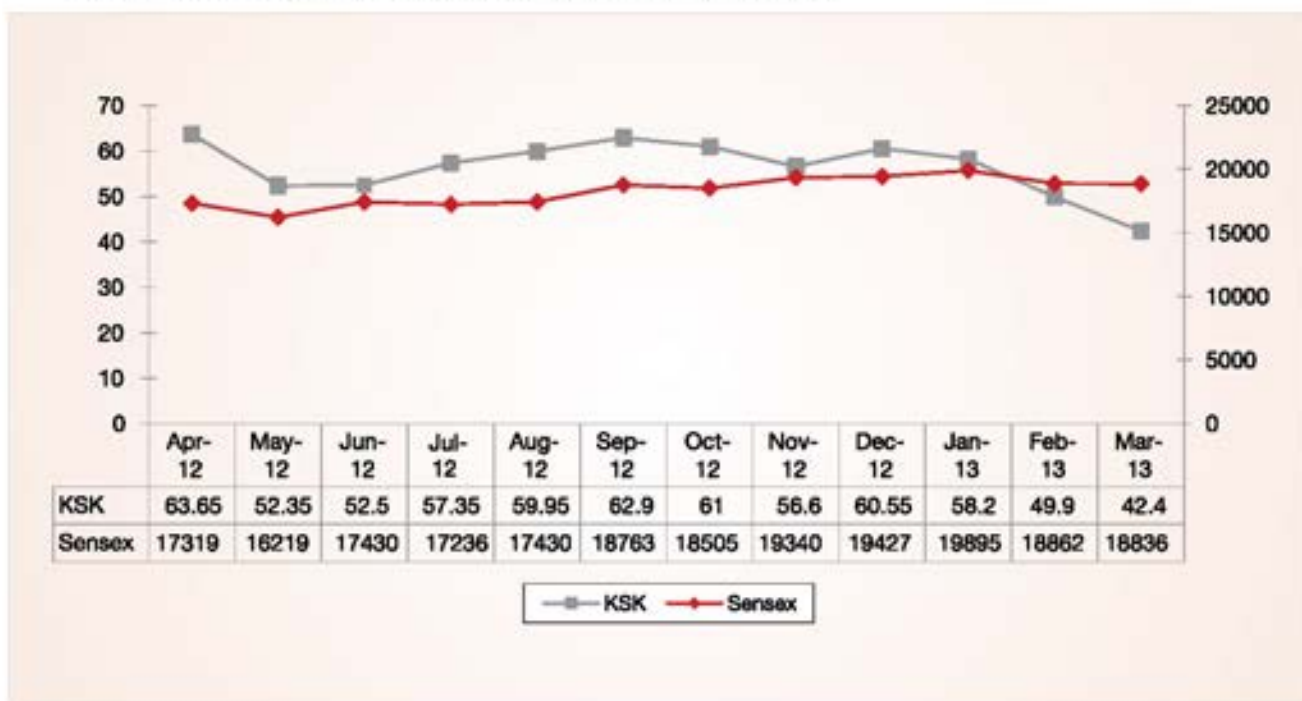
Report on Corporate Governance

(a) 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 (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April 2012	74.85	55.40	798699	74.60	57.00	208625
May 2012	65.95	51.60	898926	66.75	51.85	198956
June 2012	55.00	49.00	628280	54.40	49.60	132250
July 2012	65.95	51.40	617063	67.80	52.10	298524
August 2012	69.70	57.25	887654	70.90	57.60	398551
September 2012	70.45	57.10	1832018	71.00	57.35	7507429
October 2012	74.40	60.10	1135266	74.40	60.10	790212
November 2012	63.85	52.15	944629	63.50	52.30	396653
December 2012	64.90	55.00	3244632	64.95	55.00	1408795
January 2013	70.20	55.55	2211746	70.20	56.00	1206489
February 2013	60.10	47.30	534168	60.30	48.00	366003
March 2013	52.60	41.00	2516825	51.75	41.40	151742

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



(f) Registrar and Transfer Agents : Karvy Computershare Private Limited
 (Share transfer and Communication regarding shares, refund orders, and dividends etc)
 Plot No 17 to 24, Vithal Rao Nagar
 Madhapur, Hyderabad – 500 081, Andhra Pradesh, INDIA
 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

(i) Distribution of Shares as on 31 March 2013

S.No	No. of Shares	No. of shareholders	% of shareholders	Total No. of Shares	% of shares
1	1 - 500	14049	91.65	1478439	0.40
2	501 - 1000	600	3.91	480903	0.13
3	1001 - 2000	307	2.00	466399	0.13
4	2001 - 3000	123	0.80	309696	0.08
5	3001 - 5000	75	0.49	306038	0.08
6	5001 - 10000	68	0.45	497500	0.13
7	10001 - 20000	39	0.25	560327	0.15
8	20001 - 50000	18	0.12	493784	0.13
9	50001 - 100000	8	0.05	526734	0.14
10	100001 & ABOVE	43	0.28	367510634	98.63
	Total:	15330	100.00	372630454	100.00

Report on Corporate Governance

(ii) Shareholding Pattern as on 31 March 2013

Category	No of Shares	%
A. Promoters Holding		
Promoters	279232677	74.94
Sub -Total: A	279232677	74.94
B. Public Shareholding		
Mutual Funds /UTI	5524944	1.48
Financial Institutions /Banks	11969054	3.21
Foreign Institutional Investors	13408912	3.60
Bodies Corporate	17999779	4.83
Non Resident Indians	155032	0.04
Foreign Bodies	37929347	10.18
Indian Public	6410709	1.72
Sub -Total: B	93397777	25.06
GRAND TOTAL (A+B)	372630454	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 BSE Limited (BSE).

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

As on 31 March 2013, 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, and Dividends etc) | : | Karvy Computershare Private Limited
Plot No 17 to 24, Vithal Rao Nagar
Madhapur, Hyderabad – 500 081
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 |

(f) Other Shareholder information:

(i) Corporate Identification 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.

(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.

Report on Corporate Governance

(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 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 2012-13 is provided elsewhere in this Annual Report.

(vii) Details of Shares in the Escrow Account as on 31 March 2013: (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 on Corporate Governance

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 2013, 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/-
(S. Venugopal)
(Partner)
ICAI MRN: 205565
FRN 004453S

Place: Hyderabad
Date: 28 May 2013

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 the year ended 31 March 2013.

Place: Hyderabad
Date: 28 May 2013

Sd/-
S. Kishore
Whole-time Director

Chief Executive Officer (CEO) And Chief Financial Officer (CFO) Certificate

The Board of Directors,
KSK Energy Ventures Limited.

CERTIFICATE

We, S. Kishore, 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 31 March 2013 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/-
S. Kishore
Whole-time Director

Place: Hyderabad
Date: 28 May 2013

Independent Auditor's Report

To

The Members of KSK Energy Ventures Limited

Report on the Financial Statements

We have audited the accompanying financial statements of KSK Energy Ventures Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Sd/-
(S. Venugopal)
(Partner)
ICAI MRN: 205565
FRN 004453S

Hyderabad
Date: 28 May 2013

Annexure to Auditors' Report

Referred to in paragraph 1 of "Report on Other Legal and Regulatory Requirements" in our report of even date:

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 period the Company has disposed off fixed assets worth ₹ 29.15 crores. However, 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 Eighteen Companies covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year amounts to ₹ 941.67 crores and the year-end balance of such loans was ₹ 810.48 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 two Companies covered in the register maintained under Section 301 of the companies Act, 1956. The Maximum amount involved during the year amounts to ₹ 62.74 crores and year-end balance of such loan was ₹ 62.31 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. 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. (a) According to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
(b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at that time.
6. The Company has not accepted any deposits from the public and consequently the directives issued by Reserve Bank of India; the provisions of Section 58 A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.

Annexure to Auditors' Report

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 subsection (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 and as at 31st March, 2013, 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 the account of any dispute as on 31st March 2013, other than those furnished below:

Name of the statute	Nature of dues	Forum where pending	Period to which amount relates	Amount (₹ Crore)
Finance Act, 1994	Service Tax	CESTAT	April, 2008 to March, 2010	50.20
Income Tax Act, 1961	Income Tax Demand	CIT (Appeals)	Financial Year 2009-10	28.03

10. The company neither has accumulated losses as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding 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. In our opinion, the term loans raised 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. During the period the company has not made any preferential allotment of shares to Companies/firms/parties covered in the register maintained under Section 301 of the Companies 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 period 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. Based on the audit procedures adopted we are of the opinion that, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Sd/-
(S. Venugopal)
(Partner)
ICAI MRN: 205565
FRN 004453S

Place: Hyderabad
Date: 28 May 2013

Balance Sheet as at 31 March 2013

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

	Note	As at	
		31 March 2013	31 March 2012
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	4,726.30	4,726.30
(b) Reserves and surplus	4	22,308.85	22,269.02
		27,035.15	26,995.32
2 Non current liabilities			
(a) Long-term borrowings	5	230.00	1,105.00
(b) Deferred tax liabilities (net)	6	1.21	4.48
		231.21	1,109.48
3 Current liabilities			
(a) Short-term borrowings	5	8,107.98	7,099.57
(b) Trade payables	7	3,630.19	3,570.55
(c) Other current liabilities	9	953.25	933.16
(d) Short-term provisions	8	19.36	22.38
		12,710.78	11,625.66
TOTAL		39,977.14	39,730.46
II ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		182.14	483.74
(ii) Intangible assets		3.64	1.93
(iii) Capital work in progress		-	3.17
(iv) Intangible assets under development		1.01	4.99
(b) Non-current investments	11	29,775.30	29,591.05
(c) Long-term loans and advances	12	3,826.77	1,973.66
(d) Other non-current assets	13	238.45	231.00
		34,037.31	32,289.54

Balance Sheet as at 31 March 2013

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

	Note	As at	
		31 March 2013	31 March 2012
2 Current assets			
(a) Trade receivables	14	-	300.42
(b) Cash and bank balance	15	267.62	368.20
(c) Short-term loans and advances	12	5,392.25	6,377.40
(d) Other current assets	13	279.96	394.90
		5,939.83	7,440.92
TOTAL		39,977.14	39,730.46

See accompanying notes to the financial statements

As per our report of even date

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Firm Registration No: 004453S

Sd/-

S. Venugopal

Partner

Membership No: 205565

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

D. Suresh Babu

Company Secretary

For and on behalf of the Board

Place: Hyderabad

Date: 28 May 2013

Statement of Profit and Loss for the year ended 31 March 2013

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

	Note	Year ended	
		31 March 2013	31 March 2012
I	16	491.55	675.24
II	17	0.54	12.31
III		492.09	687.55
IV			
Expenses			
Manufacturing expenses	18	-	10.77
Employee benefits expense	19	64.13	98.21
Other expenses	20	101.56	106.24
Finance costs	21	157.04	50.83
Depreciation	10	16.64	32.57
Total expenses		339.37	298.62
V		152.72	388.93
VI			
Exceptional items		-	291.93
VII		152.72	97.00
VIII			
Tax expense / (income)			
Current tax			
For the year		30.56	272.39
In respect of earlier years		-	(0.34)
Less: Mat credit entitlement		(7.38)	(0.24)
Deferred tax		(3.27)	(180.18)
Total tax expense		19.91	91.63
IX		132.81	89.67
X			
Profit / (loss) for the year from discontinued operations		-	(264.31)
XI			
Tax (income)/ expense of discontinued operations		-	(180.01)
XII			
Profit / (loss) for the year from discontinued operations after tax (X-XI)		-	(84.30)
XIII		132.81	5.37
Earnings / (loss) per share :			
Basic and diluted- face value ₹ 10 per share		0.11	(0.24)

See accompanying notes to the 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/-
S. Venugopal
Partner
Membership No: 205565

Sd/-
S. Kishore
Whole-time Director

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

Sd/-
D. Suresh Babu
Company Secretary

Place: Hyderabad
Date: 28 May 2013

Cash Flow Statement for the year ended 31 March 2013

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

	Year ended	
	31 March 2013	31 March 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	152.72	97.00
Adjustment for		
Depreciation and amortisation expense	16.64	32.57
Finance costs	1,142.69	1,089.78
Interest income	(985.65)	(1,038.95)
Loss on sale of assets	39.00	294.33
Profit on sale of investments	-	(3.00)
Operating profit before working capital changes	365.40	471.73
Adjustment for working capital		
Trade receivables	300.42	(27.12)
Loans and advances	21.63	(24.25)
Other assets	108.15	(98.13)
Trade payables	59.64	(44.67)
Other liabilities and provisions	(8.17)	(10.41)
Cash generated from operations	847.07	267.15
Income taxes paid	(182.75)	(72.32)
Net cash from operating activities	664.32	194.83
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work-in-progress	(5.16)	(285.97)
Sale of fixed assets	760.34	2.12
Advance for investments, net	1,302.13	(1,124.69)
Inter corporate deposit given / refund, net	(2,557.08)	350.73
Purchase of investments	(184.25)	(49.11)
Sale of investments	-	3.50
(Investment)/redemption of bank deposit (held as margin money or security against guarantees or borrowings)	86.86	163.56
(Investment)/redemption of bank deposit (having original maturity more than three months)	21.35	(17.47)
Interest received	992.37	954.54
Net Cash from (used in) investing activities	416.56	(2.79)

Cash Flow Statement for the year ended 31 March 2013

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

	Year ended	
	31 March 2013	31 March 2012
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of dividend and dividend tax	(93.23)	(92.97)
Repayment of long term borrowings	(875.00)	(875.00)
Proceeds from short term borrowings, net	1,008.41	1,828.00
Payment of finance costs	(1,113.44)	(1,078.99)
Net Cash flow from financing activities	(1,073.26)	(218.96)
Net increase / (decrease) in cash and cash equivalents	7.62	(26.92)
Cash and cash equivalents at the beginning of the year	24.07	50.99
Cash and cash equivalents at the end of the year	31.69	24.07
Notes:		
1 Cash and cash equivalents includes:		
Cash in hand	0.15	0.11
Balances with banks:		
On current account	31.54	23.96
	31.69	24.07

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

Sd/-

S. Venugopal

Partner

Membership No: 205565

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

D. Suresh Babu

Company Secretary

Place: Hyderabad

Date: 28 May 2013

Notes to Financial Statements

(All amounts in ₹ 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 Generally Accepted Accounting Principles in India (GAAP), GAPP comprises Accounting Standards as specified in the Companies (Accounting Standards) Rules 2006 ('Rules'), other pronouncements of the Institute of Chartered Accountants of India (ICAI) to the extent applicable, 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 during 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 flow statement

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

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 right to receive the same is established.

Interest income is recognised on time proportion basis taking into account the amount outstanding and at the rate applicable.

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

Notes to Financial Statements (Continued...)

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

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.

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 ₹ 5,000/-, which are fully depreciated in the year of capitalization. Depreciation is calculated on a pro-rata basis from the date of installation 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 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 Foreign currency transactions

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.

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

2.7 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.

2.8 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 Statement of Profit and Loss.

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 with the Company.

Liabilities with regard to the gratuity plan are determined by independent actuary. The Company recognizes 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 Statement of Profit and Loss.

2.9 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

2.10 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 year by the weighted average number of equity shares outstanding during the year. 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 year 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 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 recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

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

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

Notes to Financial Statements (Continued...)

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

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 statement of profit and loss 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 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 account. 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.

2.14 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.

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.

3 Share Capital

	As at	
	31 March 2013	31 March 2012
Authorised		
4,000,000,000 (31 March 2012: 4,000,000,000) equity shares of ₹ 10/- each.	40,000.00	40,000.00
1,031,500,000 (31 March 2012: 1,031,500,000) preference shares of ₹ 10/- each.	10,315.00	10,315.00
	50,315.00	50,315.00
Issued, subscribed and paid up		
372,630,454 (31 March 2012: 372,630,454) equity shares of ₹ 10/- each fully paid up.	3,726.30	3,726.30
(Of the above shares 70,195,429 equity shares are allotted as fully paid up by way of bonus shares)		
100,000,000 (31 March 2012: 100,000,000) 8% Compulsorily redeemable preference shares of ₹ 10/- each fully paid up. (refer note a)	1,000.00	1,000.00
	4,726.30	4,726.30

Notes:

- 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 Equity shares held by holding company and its subsidiaries

Name of the share holder	As at	
	31 March 2013	31 March 2012
Holding Company		
No of shares held	191,222,031	191,222,031
% of shares held	51.32%	51.32%
Subsidiaries of Holding Company		
No of shares held	88,010,646	88,010,646
% of shares held	23.62%	23.62%

Notes to Financial Statements (Continued...)

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

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

Name of the share holder	As at	
	31 March 2013	31 March 2012
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	79,345,007
% of shares held	21.29%	21.29%
LB Group		
No of shares held	20,828,534	20,828,534
% of shares held	5.59%	5.59%
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 2013	31 March 2012
Securities premium		
Balance	18,739.90	18,739.90
	18,739.90	18,739.90
Surplus		
Opening balance	3,529.12	3,616.92
Add: profit for the year from statement of profit and loss	132.81	5.37
Amount available for appropriations	3,661.93	3,622.29
Appropriations		
Preference dividend	80.00	80.22
Dividend distribution tax	12.98	12.95
	92.98	93.17
Balance	3,568.95	3,529.12
	22,308.85	22,269.02

5 Borrowings

	As at	
	31 March 2013	31 March 2012
Long-term borrowings		
Secured		
Term loans		
Rupee loans from others (refer note a and c)	-	875.00
Unsecured		
Deferred payment liabilities (refer note d)	230.00	230.00
	230.00	1,105.00
Short-term borrowings		
Secured		
Loans repayable on demand (refer note b)		
- from banks	2,307.19	2,990.33
Unsecured		
Loan against deposits	5,177.70	3,594.50
Loans and advances from related parties	623.09	514.74
	8,107.98	7,099.57
	8,337.98	8,204.57

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.

2) Repayment terms of the long-term borrowings

- The long term rupee loan is repayable by March 2014, in quarterly installments. The long term borrowings carries an weighted average rate of interest of 13.75%.
- Deferred payment liability is repayable in March 2018.

6 Deferred tax liability

	As at	
	31 March 2013	31 March 2012
Deferred tax liability on account of depreciation	1.21	4.48
Deferred tax liability	1.21	4.48

Notes to Financial Statements (Continued...)

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

7 Trade payables

	As at	
	31 March 2013	31 March 2012
Dues to other than micro and small enterprises	3,630.19	3,570.55
	3,630.19	3,570.55

As at 31 March 2013: Nil (31 March 2012: Nil) there are no amounts including interest payable to Micro and Small 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 2013	31 March 2012
Short-term provisions		
For dividend and tax there on	19.36	19.61
For taxation (net of advance tax)	-	2.77
	19.36	22.38

Note:

1. 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 2013	31 March 2012
Benefit obligation at the beginning of the year	5.28	9.21
Interest cost	0.42	0.75
Current service cost	0.41	0.44
Benefits paid	(0.07)	(0.09)
Actuarial loss/(gain)	(0.17)	(5.03)
Benefit obligation at the end of the year	5.87	5.28

Change in fair value of assets

	As at	
	31 March 2013	31 March 2012
Fair value of plan assets at the beginning of the year	7.08	6.57
Expected return on plan assets	0.64	0.60
Benefits Paid	(0.07)	(0.09)
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	7.65	7.08

Amounts recognised in the balance sheet

	As at	
	31 March 2013	31 March 2012
Present value of funded obligation as at the end of the year	5.87	5.28
Fair value of plan assets at the end of the year	7.65	7.08
Funded status	1.78	1.80
Unrecognised past service cost-non vested cost	-	0.16
Net asset/(liability) recognised in the balance sheet	1.78	1.96

Experience history

	As at		
	31 March 2013	31 March 2012	31 March 2011
Actuarial (gain) / losses	(0.17)	(5.03)	(1.19)
Experience adjustment			
On account of change in assumption	(0.02)	0.07	(0.15)
On account of change in experience	(0.15)	(5.10)	(1.18)
On plan assets	-	-	(0.13)

Amounts recognised in statement of profit and loss

	Year ended	
	31 March 2013	31 March 2012
Current service cost	0.41	0.44
Interest cost	0.42	0.75
Past service cost (non vested benefits)	0.16	0.16
Expected return on plan assets	(0.64)	(0.60)
Net actuarial (gain) / loss recognised for the year	(0.17)	(5.03)
Amount included in personnel expenses / other income	0.17	(4.28)

Asset information

Category of Assets	As at	
	31 March 2013	31 March 2012
Insurer managed funds	100%	100%

Notes to Financial Statements (Continued...)

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

Summary of actuarial assumptions

	Year ended	
	31 March 2013	31 March 2012
Discount rate	8.06%	8.17%
Salary escalation	15.00%	15.00%
Attrition rate	15.00%	15.00%
Expected return on plan assets	9.15%	9.15%

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 2013	31 March 2012
Current maturities of long-term debt	875.00	875.00
Interest accrued but not due on borrowings	9.24	14.50
Interest accrued and due on borrowings	60.94	26.42
Salaries and bonus payable	3.95	8.45
Statutory liabilities	3.51	4.42
Creditors for capital goods (including retention money)	0.61	4.37
	953.25	933.16

10 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block		
	As at 1 April 2012	Additions	Deletions / Adjustments	As at 31 March 2013	As at 1 April 2012	For the period	Deletions / Adjustments	As at 31 March 2013	As at 31 March 2012
Tangible assets									
Land and site development									
Free hold	420.15	-	276.17	143.98	-	-	-	143.98	420.15
Buildings									
Free hold	3.17	-	-	3.17	0.15	0.05	-	2.97	3.02
Lease hold improvements	21.47	0.07	11.22	10.32	10.48	5.92	8.22	2.14	10.99
Electrical works	2.61	-	-	2.61	0.97	0.12	-	1.52	1.64
Furniture and fixtures	10.90	-	1.11	9.79	4.79	0.58	0.91	5.33	6.11
Vehicles	9.18	-	-	9.18	4.49	0.87	-	3.82	4.69
Computer	31.86	4.10	0.08	35.88	17.71	5.10	0.05	13.12	14.16
Office equipment	27.89	0.07	2.90	25.06	4.91	1.27	0.38	19.26	22.98
Total Tangible assets	527.23	4.24	291.48	239.99	43.50	13.91	9.56	192.14	483.74
Intangible assets									
Computer software	17.89	4.45	-	22.34	15.97	2.73	-	3.64	1.93
Total Intangible assets	17.89	4.45	-	22.34	15.97	2.73	-	3.64	1.93
Capital work in progress	3.17	-	3.17	-	-	-	-	-	3.17
Intangible assets under development	4.99	-	3.98	1.01	-	-	-	1.01	4.99
As at 31 March 2012									
Tangible assets	1,507.54	286.96	1,267.26	527.24	99.58	31.03	87.11	43.50	483.74
Intangible assets	16.66	1.24	-	17.90	14.43	1.54	-	15.97	1.93
Capital work in progress	3.17	-	-	3.17	-	-	-	-	3.17
Intangible assets under development	4.44	1.01	0.45	4.99	-	-	-	-	4.99

Notes to Financial Statements (Continued...)

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

11 Non current investments

	As at	
	31 March 2013	31 March 2012
Trade investments		
Investments in equity instruments		
(unquoted, fully paid up)		
3,636,363 (31 March 2012: 3,636,363)		
Equity shares of ₹ 10 each in Terra Energy Limited.	160.00	160.00
Other investments		
Investments in equity instruments		
(unquoted, fully paid up)		
Investment in subsidiary		
10,500 (31 March 2012: 10,500) Equity shares of		
₹ 10 each in KSK Narmada Power Company Private Limited.	0.11	0.11
499,990 (31 March 2012: 369,990) Equity shares of		
₹ 10 each in KSK Wind Energy Private Limited	5.00	3.70
570,115,305 (31 March 2012: 570,115,305)		
Equity shares of ₹ 10 each in KSK Electricity		
Financing India Private Limited.	7,527.58	7,527.58
150,000 (31 March 2012: 150,000)		
Equity shares of ₹ 10 each in KSK Wardha		
Infrastructure Private Limited .	1.50	1.50
10,500 (31 March 2012: 10,500) Equity shares of		
₹ 10 each in KSK Vidarbha Power Company Private Limited .	0.11	0.11
10,000 (31 March 2012: 10,000) Equity shares of		
₹ 10 each in KSK Dibbin Hydro Power Private Limited.	0.10	0.10
50,000 (31 March 2012: 10,000) Equity shares of		
₹ 10 each in Kameng Dam Hydro Power Limited.	0.50	0.10
7,660,330 (31 March 2012: 7,660,330) Equity shares of		
₹ 10 each in J R Power Gen Private Limited.	76.60	76.60
2,062,549,994 (31 March 2012: 2,062,549,994)		
Equity shares of ₹ 10 each in KSK Mahanadi		
Power Company Limited.	20,625.50	20,625.50
47,762,190 (31 March 2012: 47,762,190) Class A		
Equity shares of ₹ 10 each in Wardha Power Company Limited.	725.62	725.62
50,000 (31 March 2012: 40,000) Equity shares of		
₹ 10 each in KSK Upper Subansiri Hydro Energy Limited.	0.50	0.40
1,000,000 (31 March 2012: 1,000,000) Equity shares of		
₹ 10 each in KSK Dinchang Power Company Private Limited.	10.00	10.00

	As at	
	31 March 2013	31 March 2012
1,000,000 (31 March 2012: 1,000,000) Equity shares of ₹ 10 each in KSK Jameri Hydro Power Private Limited.	10.00	10.00
1,059,280 (31 March 2012: 1,059,280) Equity shares of NRs 100 (in ₹ 62.50) each in Tila Kamali Hydro Electric Company Private Limited.	66.20	66.20
13,077 (31 March 2012: Nil) Equity shares of NRs 100 (in ₹ 62.50) each in Bheri Hydro Power Company Private Limited.	0.82	-
Investments in preference shares (unquoted, fully paid up)		
Investment in subsidiary		
4,410,000 (31 March 2012: 4,410,000) 16% optionally convertible cumulative redeemable preference shares of ₹ 10 each in KSK Wind Energy Private Limited	145.53	145.53
4,760,000 (31 March 2012: 4,760,000) 6% convertible preference shares of ₹ 10 each in Sai Regency Power Corporation Private Limited.	238.00	238.00
530,000 (31 March 2012: Nil) 12% cumulative redeemable preference shares of NRs 100 (in ₹ 62.50) each in Tila Kamali Hydro Electric Company Private Limited	33.12	-
14,850,769 (31 March 2012: Nil) 0.01% Class B cumulative redeemable preference shares of ₹ 10 each in Wardha Power Company Limited	148.51	-
	29,775.30	29,591.05

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 2013	31 March 2012
Equity shares of ₹ 10/- each in KSK Wind Energy Private Limited	-	265,500
16% optionally convertible cumulative redeemable preference shares of ₹ 10/-each in KSK Wind Energy Private Limited.	-	2,627,273
Equity shares of ₹ 10/-each in KSK Mahanadi Power Company Limited	1,179,400,501	1,179,400,501
Class 'A' Equity shares of ₹ 10/- each in Wardha Power Company Limited	47,762,190	47,762,190

Notes to Financial Statements (Continued...)

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

12 Loans and advances

	As at	
	31 March 2013	31 March 2012
Long-term loans and advances		
Unsecured, considered good		
Capital advances	-	0.13
Security deposits	250.00	250.00
Prepaid expenses	0.54	0.37
Advance for investments		
Related parties	257.45	1,314.00
Others	79.62	325.19
Loans and advances		
Related parties	3,003.00	-
Advance tax and TDS receivable (net of provision for tax)	236.16	83.97
	3,826.77	1,973.66
Short-term loans and advances		
Unsecured, considered good		
Loans and advances		
Related parties	5,153.41	5,559.08
Others	-	40.25
Advances for supplies / expenses	0.62	0.60
Prepaid expenses	6.55	6.62
Other receivables	225.64	762.41
Security deposits	6.03	8.44
	5,392.25	6,377.40
	9,219.02	8,351.06

13 Other assets

	As at	
	31 March 2013	31 March 2012
Other non-current assets		
Unsecured, considered good		
Long term trade receivables	230.00	230.00
Mat credit entitlement	7.38	-
Interest accrued on deposits	0.12	0.05
Balances with banks:		
Deposits with bank held as margin money or security against guarantee or borrowings	0.95	0.95
	238.45	231.00

	As at	
	31 March 2013	31 March 2012
Other current assets		
Unsecured, considered good		
Interest accrued on deposits	272.25	279.04
Balances with statutory authorities	7.71	115.86
	279.96	394.90
	518.41	625.90

14 Trade receivables

	As at	
	31 March 2013	31 March 2012
Unsecured, considered good		
Debts outstanding for a period exceeding six months	-	92.55
Other debts		
- related parties	-	207.87
	-	300.42

15 Cash and bank balances

	As at	
	31 March 2013	31 March 2012
Cash and cash equivalents		
Cash on hand	0.15	0.11
Balances with banks:		
On current accounts	31.54	23.96
	31.69	24.07
Other bank balances		
Deposits having maturity more than three months	0.13	21.47
Deposits with bank held as margin money or security against guarantee or borrowings	235.80	322.66
	235.93	344.13
	267.62	368.20

16 Revenue from operations

	Year ended	
	31 March 2013	31 March 2012
Sale of electricity	-	55.15
Project development fees	123.75	393.09
Corporate support services fees	367.80	227.00
	491.55	675.24

Notes to Financial Statements (Continued...)

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

17 Other income

	Year ended	
	31 March 2013	31 March 2012
Net gain on sale of Investments	-	3.00
Foreign exchange gain, net	-	4.52
Miscellaneous income	0.54	4.79
	0.54	12.31

18 Manufacturing expenses

	Year ended	
	31 March 2013	31 March 2012
Operation and maintenance expenses	-	10.77
	-	10.77

19 Employee benefits expense

	Year ended	
	31 March 2013	31 March 2012
Salaries, wages and bonus	61.49	94.86
Contribution to provident and other funds	0.35	0.38
Staff welfare expenses	2.29	2.97
	64.13	98.21

20 Other expenses

	Year ended	
	31 March 2013	31 March 2012
Rent	9.97	11.68
Rates and taxes	0.13	0.62
Printing and stationery	1.87	2.43
Communication expenses	3.97	5.57
Office expenses	7.11	11.96
Travel and conveyance	1.77	3.24
Insurance charges	2.19	2.80
Legal and professional charges	22.57	23.76
Auditors' remuneration		
audit fees	2.00	2.00
for certification (including tax audit)	0.04	0.03

	Year ended	
	31 March 2013	31 March 2012
Repair and maintenance		
building	0.13	0.07
others	6.05	4.44
Donations (refer note a)	0.12	25.01
Electricity expenses	2.20	2.75
Training, seminar and recruitment expenses	0.47	1.81
Directors sitting fees	0.48	0.48
Loss on sale of fixed assets	39.00	2.40
Miscellaneous expenses	1.49	5.19
	101.56	106.24

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

Particulars	Year ended	
	31 March 2013	31 March 2012
Bharatiya Janata Party	-	25.00

21 Finance costs (net):

	Year ended	
	31 March 2013	31 March 2012
Interest on others	1,139.05	1,086.46
Other borrowing cost	3.64	3.32
	1,142.69	1,089.78
Less: Interest Income	985.65	1,038.95
	157.04	50.83

22 Contingent liabilities and commitments:

a) Contingent liabilities:

	As at	
	31 March 2013	31 March 2012
i) Bank guarantees and letter of credits outstanding	2,853.44	3,493.73
ii) Corporate guarantees outstanding	25,219.88	8,223.03

iii) Service tax department has issued demand order to the company for payment of service tax amounting to ₹ 505.64 million (including penalty) relating to the disagreement on avilment 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.

Notes to Financial Statements (Continued...)

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

iv) The Company has received a net demand of ₹ 280.30 (including interest) from income tax department for Assessment Year 2010-11 pursuant to disallowance of certain claims / expenses. Challenging the order, Company preferred an appeal before CIT (appeals). Further, an amount of ₹ 30 has been paid against the demand and the balance demand is stayed and the stay is subject to review in September 2013." The Company believes that all the claims / expenses claimed are allowable as per the provision of income tax act and the demand raised is not tenable and there should not be any material impact on the financial statement.

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

	Year ended	
	31 March 2013	31 March 2012
Capital Commitments	0.74	0.74

(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 2013 ₹ Nil (31 March 2012 ₹ 3,904.55)

23 Operating leases

The Company has entered in to certain operating lease agreements. An amount of ₹ 9.97 (31 March 2012: ₹ 11.66) paid under such agreements has been disclosed as "Rent" under other expenses in the statement of profit and loss.

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

	Year ended	
	31 March 2013	31 March 2012
Lease obligations		
Within one year of the Balance Sheet date	-	2.81
Due between one to five years	-	-
Due after five years	-	-

24 Expenditure in foreign currency on accrual basis

	Year ended	
	31 March 2013	31 March 2012
Foreign travel	-	0.09
Interest expense	-	0.53
	-	0.62

25 Earnings/(loss) per share (EPS)

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

	Year ended	
	31 March 2013	31 March 2012
Net Profit after tax	132.81	5.37
Less : Preference dividend and tax thereon	(92.98)	(93.17)
Net Profit/(loss) attributable to shareholders for Basic/Diluted EPS	39.83	(87.80)
Weighted average number of shares outstanding for the purpose of calculation of Basic and Diluted EPS	372.63	372.63
Earnings/(loss) per share – Basic/Diluted (in ₹)	0.11	(0.24)

26 Related party Disclosures:

a) Parties where control exists

Name of the party	Relationship
K&S Consulting Group Private Limited	Ultimate holding company
KSK Power Venture plc	Step-up holding company
KSK Energy Limited	Holding company
KSK Electricity Financing India Private Limited	Subsidiary company
J R Power Gen Private Limited	Subsidiary company
KSK Dibbin Hydro Power Private Limited	Subsidiary company
Kameng Dam Hydro Power Limited	Subsidiary company
KSK Narmada Power Company Private Limited	Subsidiary company
KSK Wind Energy Private Limited	Subsidiary company
KSK Vidarbha Power Company Private Limited	Subsidiary company
Sai Maithili Power Company Private Limited	Subsidiary company
KSK Wardha Infrastructure Private Limited	Subsidiary company
KSK Mahanadi Power Company Limited	Subsidiary company
KSK Upper Subansiri Hydro Energy Limited	Subsidiary company
KSK Dinchang Power Company Private Limited	Subsidiary company
KSK Jameri Hydro Power Private Limited	Subsidiary company
Tila Kamali Hydro Electric Company Private Limited	Subsidiary company
Bheri Hydro Power Company Private Limited	Subsidiary company
Sai Regency Power Corporation Private Limited	Subsidiary company
VS Lignite Power Private Limited	Subsidiary company
Wardha Power Company Limited	Subsidiary company
Arasmeta Captive Power Company Private Limited	Subsidiary company

Notes to Financial Statements (Continued...)

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

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

Name of the party	Relationship
Sitapuram Power Limited	Joint venture
KSK Water Infrastructures Private Limited	Fellow subsidiary
KSK Mineral Resources Private Limited	Fellow subsidiary
KSK Energy Company Private Limited	Fellow subsidiary
Raigarh Champa Rail Infrastructure Private Limited	Fellow subsidiary
KSK Wind Energy Nandgaon Athni Private Limited	Fellow subsidiary
KSK Wind Energy Madurai Ms Puram Private Limited	Fellow subsidiary
KSK Wind Energy Tirupur Elayamuthur Private Limited	Fellow subsidiary
KSK Wind Energy Tuticorin Rajapudukudi Private Limited	Fellow subsidiary
KSK Wind Energy Halagali Benchi Private Limited	Fellow subsidiary
KSK Wind Power Sankonahatti Athni Private Limited	Fellow subsidiary
KSK Wind Power Aminabhavi Chikodi Private Limited	Fellow subsidiary
KSK Wind Energy Mothalli Haveri Private Limited	Fellow subsidiary
SN Nirman Infra Projects Private Limited	Fellow subsidiary

c) Key Management personnel (KMP) and their relatives

Name of the party	Relationship
Mr. S. Kishore	Whole-time Director
Mr. K. A. Sastry	Whole-time Director
Mrs. Aditi Kishore	Relative of Key Management personnel
Mrs. K. Satyavathi	Relative of Key Management personnel

d. Particulars of related party transactions

31 March 2013					
S.No	Particulars	Subsidiaries	Joint venture	Fellow subsidiaries	KMP/ Relative of KMP
Transactions					
1	Project development and corporate support fees	487.25	4.30	-	-
2	Interest income	903.10	58.46	-	-
3	Interest expense	55.07	-	13.95	-
4	Sale of assets	2.10	-	1.17	-
5	Loans and advance given	6,053.02	17.50	155.46	-
	(including advance for investments)				
6	Refund of loans and advance	4,074.58	451.40	0.53	-
7	Loans/security deposits taken	195.90	-	1,553.83	-
8	Repayment of loan/security deposit	22.87	-	1,558.02	-
9	Managerial remuneration	-	-	-	18.00
Balances					
1	Amount receivable	8,438.66	9.88	196.87	-
2	Amount payable	4,146.25	-	111.67	-
3	Managerial remuneration payable	-	-	-	1.33

Notes to Financial Statements (Continued...)

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

		31 March 2012				
S.No	Particulars	Subsidiaries	Joint venture	Fellow subsidiaries	Ultimate holding	KMP/ Relative of KMP
Transactions						
1	Project development and corporate support fees	615.79	4.30	-	-	-
2	Interest Income	926.90	59.22	-	-	-
3	Sale of Investments	1.82	-	1.68	-	-
4	Interest expense	53.87	-	6.82	-	-
5	Sale of assets	885.70	-	-	-	-
6	Loans and advance given (including advance for investments)	6,568.97	181.91	0.53	-	-
7	Refund of loans and advance	6,245.99	60.01	-	-	-
8	Loans/security deposits taken	68.63	-	456.64	-	-
9	Repayment of loan/security deposit	616.16	-	343.76	-	-
10	Purchase of fixed assets	-	-	-	134.86	141.31
11	Managerial remuneration	-	-	-	-	18.00
Balances						
1	Amount receivable	6,845.34	449.42	0.53	-	-
2	Amount payable	3,976.53	-	115.92	-	-
3	Managerial remuneration payable	-	-	-	-	1.15

e) Equity held in subsidiaries and step down subsidiary have been disclosed under "Non current Investment", (see note no 11).

f) The Company has provided securities by way of pledge of investments for loans taken by subsidiaries (see note no 11).

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

h) Corporate Guarantees of ₹ 32,917.20 (31 March 2012 ₹ 17,098.00), Bank guarantees of ₹ 4,362.48 (31 March 2012 ₹ 4,809.06) and Letter of credit limits of ₹ 2,043.79 (31 March 2012 ₹ 1,338.85) has been given by the Company on behalf of subsidiaries and fellow subsidiaries.

i) Corporate Guarantees of ₹ 9,605.00 (31 March 2012 ₹ 11,255.00) has been given by step-up holding Company on behalf of the Company.

27 Disclosure of loans and advances to subsidiaries pursuant to Clause 32 of the listing agreement:

S.No.	Particulars	Amount outstanding as at		Maximum outstanding during the year
		31 March 2013	31 March 2012	31 March 2013
a	Loans and advances in the nature of loans given to subsidiaries: * ^			
	Subsidiaries			
1	KSK Dibbin Hydro Power Private Limited	949.36	760.00	949.36
2	Kameng Dam Hydro Power Limited	857.72	654.60	857.72
3	J R Power Gen Private Limited	1,253.19	726.10	1,253.20
4	KSK Narmada Power Company Private Limited	16.65	16.65	16.65
5	KSK Vidarbha Power Company Private Limited	2.00	1.99	2.00
6	KSK Upper Subansiri Hydro Energy Limited	1,772.40	1,442.12	1,772.40
7	KSK Dinchang Power Company Private Limited	72.46	24.30	72.50
8	KSK Jameri Hydro Power Private Limited	49.90	17.55	49.90
9	Arasmeta Captive Power Company Private Limited	1,138.00	913.90	1,138.01
10	Sai Regency Power Corporation Private Limited	-	86.28	-
11	VS Lignite Power Private Limited	-	10.00	-
12	Wardha Power Company Limited	1,865.00	82.04	1,865.00
13	KSK Mahanadi Power Company Limited	-	389.12	-
	Total	7,976.68	5,124.65	
b	Loans and advances in the nature of loans where interest is not charged or charged below bank rate			
1	KSK Narmada Power Company Private Limited	16.65	16.65	16.65
2	KSK Vidarbha Power Company Private Limited	2.00	1.99	2.00
3	KSK Dinchang Power Company Private Limited	72.46	41.20	72.50
4	KSK Jameri Hydro Power Private Limited	49.90	30.45	49.90
5	Wardha Power Company Limited	1,865.00	82.04	1,865.00
	Total	2,006.01	172.33	

c Loans to employees as per Company's policy are not considered.

* The above loans & advances to subsidiary fall under the category of loans & advances in the nature of loans where there is no repayment schedule and are repayable on demand.

^ Excludes interest accrued.

Notes to Financial Statements (Continued...)

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

28 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 2013	Project development activities	Power generating activities	Inter segment	Total
Revenue	491.55	-	-	491.55
Segment result	348.22	-	-	348.22
Unallocated income, net				947.19
Finance costs				(1,142.69)
Profit before tax				152.72
Taxation (charge) / benefit				(19.91)
Profit / (loss) after tax				132.81
Segment assets	38,827.44	9.21		38,836.65
Unallocated assets				1140.49
Total assets				39,977.14
Segment liabilities	3,612.28	9.21	-	3,621.49
Unallocated liabilities				9,320.50
Total liabilities				12,941.99
Other segment information				
Depreciation	16.64	-	-	16.64
Capital expenditure	1.53	-	-	1.53

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
Taxation (charge) / benefit				(91.63)
Profit / (loss) 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	16.24	16.33	-	32.57
Capital expenditure	288.74	-	-	288.74

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 ₹ 883.70 million and incurred a loss of ₹ 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 2013	31 March 2012
Income		
Sale of electricity	-	55.15
Expenditure		
Generation expenses	-	10.77
Other expenses	-	292.36
Depreciation	-	16.33
Profit / (loss) before tax	-	(284.31)
Provision for taxes		
- Current tax expense	-	-
- Deferred tax expense	-	(180.01)
Profit / (loss) after tax	-	(84.30)

Notes to Financial Statements (Continued...)

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

	Year ended	
	31 March 2013	31 March 2012
Net cash from/used in operating activities	92.56	61.25
Net cash from/used in investing activities	526.10	-
Net cash from/(used in) financing activities	-	-
Net increase/ (decrease) in cash and cash equivalents	618.66	61.25

30 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.

31 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year's classification.

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/-

S. Venugopal

Partner

Membership No: 205565

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

D. Suresh Babu

Company Secretary

Place: Hyderabad

Date: 28 May 2013

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 2013 and the consolidated statement of profit and loss 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 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 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 Ispat Limited
- Sai Malhill Power Company Private Limited
- Sitapuram Power Limited (Joint venture)
- Sai Power Pte Limited
- Bheri Hydro Power Company Private Limited

Whose financial statements reflect total assets of ₹ 196,867 million as at 31 March 2013, total revenue of ₹ 19,717 million and cash out flows amounting to ₹ 3,273 million. The financial statements and other information of the subsidiaries and joint venture, except Sitapuram Power Limited and Arasmeta Captive Power Company Private Limited, 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.

Auditors' Report on Consolidated Financial Statements

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 2013;
- ii) in the case of consolidated Statement of Profit and Loss, 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

Sd/-

(S. Venugopal)
(Partner)

ICAIMRN: 205565
FRN 004453S

Place: Hyderabad
Date: 28 May 2013

Consolidated Balance Sheet as at 31 March 2013

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

	Note	As at	
		31 March 2013	31 March 2012
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	4	4,726.30	4,726.30
(b) Reserves and surplus	5	27,290.86	25,879.58
		32,017.16	30,605.88
2 Minority interest	6	6,735.18	5,283.39
3 Non-current liabilities			
(a) Long-term borrowings	7	111,832.09	80,543.51
(b) Deferred tax liabilities (net)	8	227.31	175.47
(c) Other long term liabilities	9	3,271.65	2,616.47
(d) Long-term provisions	11	51.14	46.66
		115,182.19	83,382.11
4 Current liabilities			
(a) Short-term borrowings	7	17,982.23	18,924.13
(b) Trade payables	10	2,163.39	2,073.57
(c) Other current liabilities	12	27,558.62	31,033.59
(d) Short-term provisions	11	92.85	138.74
		47,797.09	52,170.03
		201,731.62	171,441.41
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		44,963.75	46,108.13
(ii) Intangible assets		2,041.22	2,044.30
(iii) Capital work in progress		105,871.75	66,601.69
(iv) Intangible assets under development		1.01	6.53
(b) Non-current investments	14	215.81	215.81
(c) Deferred tax assets (net)	8	1,910.99	1,069.69
(d) Long-term loans and advances	15	12,120.98	16,701.62
(e) Other non-current assets	16	2,552.81	2,095.04
		169,678.22	134,842.81

Consolidated Balance Sheet as at 31 March 2013

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

	Note	As at	
		31 March 2013	31 March 2012
2 Current assets			
(a) Current investments	14	172.06	221.69
(b) Inventories	17	1,510.71	1,232.11
(c) Trade receivables	18	5,597.08	3,802.36
(d) Cash and bank balances	19	14,656.47	20,323.07
(e) Short-term loans and advances	15	8,535.29	9,543.98
(f) Other current assets	16	1,581.79	1,475.39
		32,053.40	36,598.60
		201,731.62	171,441.41

See accompanying notes to Consolidated financial statements

As per our report of even date

For **Umamaheswara Rao & Co.**,

Chartered Accountants

Firm Registration No: 004453S

Sd/-

S. Venugopal

Partner

Membership No: 205565

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

D. Suresh Babu

Company Secretary

For and on behalf of the Board

Place: Hyderabad

Date: 28 May 2013

Consolidated Statement of Profit and Loss for the year ended 31 March 2013

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

	Note	Year ended	
		31 March 2013	31 March 2012
I Revenue from operations	20	22,070.20	19,475.90
II Other income	21	1,006.96	1,116.34
III Total revenue (I+II)		23,077.16	20,592.24
IV Expenses			
Cost of fuel consumed	22	10,695.64	9,992.29
Manufacturing expenses	23	1,314.50	1,082.38
Employee benefits expenses	24	431.65	432.63
Other expenses	25	1,444.46	1,313.34
Finance costs	26	6,017.67	5,388.72
Depreciation and amortisation expenses	13	2,264.68	2,163.30
Total expenses		22,168.60	20,372.66
V Profit / (loss) before exceptional items and tax (III - IV)		908.56	219.58
VI Exceptional items		-	923.52
VII Profit / (loss) before tax (V-VI)		908.56	1,143.10
VIII Tax expense / (income)			
Current tax			
For the year		164.48	374.28
In respect of earlier years		0.38	2.55
Less : MAT credit entitlement		(140.46)	(80.03)
Deferred tax		(789.36)	(656.77)
Total tax expense / (income)		(764.96)	(359.97)
IX Profit / (loss) for the year before minority interest (VII - VIII)		1,673.52	1,503.07
Minority interest		167.72	189.50
Profit / (loss) for the year after minority interest		1,505.80	1,313.57
X Earnings per share:			
Basic and diluted -face value of ₹ 10 per share (₹)		3.79	3.28

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/-
S. Venugopal
Partner
Membership No: 205565

Sd/-
S. Kishore
Whole-time Director

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

Sd/-
D. Suresh Babu
Company Secretary

Place: Hyderabad
Date: 28 May 2013

Consolidated Cash Flow Statement for the year ended 31 March 2013

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

	Year ended	
	31 March 2013	31 March 2012
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	908.56	1,143.10
Adjustments for		
Depreciation and amortisation expenses	2,264.68	2,163.30
Finance cost	6,017.67	5,388.72
Interest income	(980.73)	(888.24)
Dividend income	(1.28)	(13.61)
Loss / (profit) on sale of assets, net	24.71	(241.39)
Profit on sale of investment	(3.41)	(3.98)
Bad debts / advances written off / provision for doubtful debts	234.37	230.00
Liquidated damages	-	(679.61)
Unrealised foreign exchange differences	31.21	26.57
Liability no longer required written back	(18.76)	(19.35)
Others, net	-	(1.76)
Operating profit before working capital changes	8,477.02	7,103.75
Adjustments for working capital		
Inventories	(278.60)	(468.83)
Trade receivables	(1,889.53)	(1,740.33)
Loan and advances	(112.57)	(2,779.08)
Other assets	(442.45)	(291.70)
Trade payables	109.01	506.57
Other liabilities and provisions	37.66	(23.29)
Cash generated from operations	5,900.54	2,307.09
Income tax paid	(334.05)	(289.42)
Net cash from operating activities	5,566.49	2,017.67
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work-in-progress and capital advances	(17,719.34)	(31,506.96)
Sale of fixed assets	262.46	0.33
Cash flow on sale of wind mills undertaking	604.96	1,566.33
Acquisition of minority interest	(1.30)	-
Gain on dilution of interest in subsidiary to minority	-	1.44
Purchase of non current investments	-	(3.00)
(Purchase) / sale of current investments, net	53.04	(22.36)
(Investment) / redemption of bank deposit (having original maturity more than three months)	(346.05)	(35.61)
(Investment) / redemption of bank deposit (held as margin money or security against guarantees or borrowings)	2,275.86	(5,734.08)

	Year ended	
	31 March 2013	31 March 2012
Advance for investment	(1,106.30)	(325.19)
Inter corporate deposit - given	(980.10)	(1,867.28)
Inter corporate deposit - refund	1,080.17	1,581.84
Interest received	2,386.51	1,681.36
Dividend received	22.15	26.54
Net cash used in investing activity	(13,467.94)	(34,636.64)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue and application money in subsidiary to minority interest	280.17	3,060.21
Repayment of share application money in subsidiary	(1,750.00)	-
Payment of dividend and dividend tax	(93.24)	(92.98)
Proceeds from long term borrowings	37,300.32	48,525.11
Repayment of long term borrowings	(17,350.64)	(10,067.98)
Proceeds from / (repayment of) short term borrowings, net	364.32	4,014.46
Payment of finance costs	(14,397.45)	(10,363.23)
Net cash from financing activities	4,353.48	35,075.59
Net (decrease) / increase in cash and cash equivalents	(3,547.97)	2,456.62
Effect of exchange rate changes	(1.54)	0.07
Cash and cash equivalents at the beginning of the year	4,990.34	2,533.65
Cash and cash equivalents at the end of the year	1,440.83	4,990.34

	As at	
	31 March 2013	31 March 2012
Notes		
1 Cash and cash equivalents includes:		
Cash in hand	24.38	7.78
Balances with banks:		
On current account	1,200.22	4,956.77
On deposit account	216.23	25.79
	1,440.83	4,990.34

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/-

S. Venugopal

Partner

Membership No: 205565

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

D. Suresh Babu

Company Secretary

Place: Hyderabad

Date: 28 May 2013

Notes to Consolidated Financial Statements

(All amounts in ₹ 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 Generally Accepted Accounting Principles (GAAP) in India. 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:

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

2.4 Cash flow statement

Cash flow statement is 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 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 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 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.

Insurance claims are accounted based on certainty of realization.

Revenue from sale of scrap and fly ash 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 capitalised 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 ₹ 5,000/- which are fully depreciated in the year of capitalization. Depreciation is calculated on a pro-rata basis from the date of installation / capitalization 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.

Notes to Consolidated Financial Statements (Continued...)

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

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.

2.8 Foreign currency transaction

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

At the Balance Sheet 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 capitalised 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 Statement of Profit and Loss 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 recognised 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 exchange fluctuation 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 recognised 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 Employee 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 Statement of Profit and Loss.

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 recognizes 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 recognised in the Statement of Profit and Loss.

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 capitalised 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, capitalised 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.

Notes to Consolidated Financial Statements (Continued...)

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

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 recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of 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 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 Statement of Profit and Loss 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 recognised in the Statement of Profit and Loss. 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

The Company recognizes a provision when there is a present obligation as a result of past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A

disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation

3. Basis of consolidation

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

a. 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.

b. 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 ₹ million, except share data and where otherwise stated)

c. Particulars of Subsidiaries and Joint Ventures:

S. No.	Name of the Company	Country of incorporation	31 March 2013	31 March 2012
Subsidiary Companies				
1.	KSK Narmada Power Company Private Limited	India	100.00	100.00
2.	KSK Wind Energy Private Limited *	India	100.00	74.00
3.	KSK Vidarbha Power Company Private Limited	India	100.00	100.00
4.	KSK Wardha Infrastructure Private Limited	India	100.00	100.00
5.	Sai Maithill Power Company Private Limited	India	52.00	52.00
6.	KSK Dibbin Hydro Power Private Limited	India	100.00	100.00
7.	Kameng Dam Hydro Power Limited (formerly 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	85.23	89.19
14.	J R Power Gen Private Limited	India	51.00	51.00
15.	KSK Upper Subansiri Hydro Energy Limited (formerly 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.	Field Mining and Ispats Limited	India	84.98	84.98
19.	Tila Kamali Hydro Electric Company Private Limited	Nepal	80.00	80.00
20.	Bheri Hydro Power Company Private Limited	Nepal	90.00	-
21.	Sai Power Pte LTD ***	Singapore	100.00	-
Joint Venture Company				
22.	Sitapuram Power Limited	India	49.00	49.00

* Increased on account of aquisition of shares from minority shareholders.

** Reduced on account of additional issue of shares to minority shareholders.

*** Incorporated during the year.

4 Share capital

	As at	
	31 March 2013	31 March 2012
Authorised		
4,000,000,000 (31 March 2012: 4,000,000,000) equity shares of ₹ 10/- each	40,000.00	40,000.00
1,031,500,000 (31 March 2012: 1,031,500,000) preference shares of ₹ 10/- each	10,315.00	10,315.00
	50,315.00	50,315.00
Issued, subscribed and paid up		
372,630,454 (31 March 2012: 372,630,454) equity shares of ₹ 10/- each fully paid up	3,726.30	3,726.30
100,000,000 (31 March 2012: 100,000,000) 8% Compulsorily redeemable preference shares of ₹ 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 The company has only one class of equity shares having a par value of ₹ 10/- per share. The holders of equity shares are entitled to receive dividend as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of shareholders.
- c **Equity Shares held by holding company and its subsidiaries**

Particulars	As at	
	31 March 2013	31 March 2012
Holding Company		
No of shares held	191,222,031	191,222,031
% of shares held	51.32%	51.32%
Subsidiaries of Holding Company		
No of shares held	88,010,646	88,010,646
% of shares held	23.62%	23.62%

Notes to Consolidated Financial Statements (Continued...)

(All amounts in ₹ 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 2013	31 March 2012
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	79,345,007
% of shares held	21.29%	21.29%
LB Group		
No of shares held	20,828,534	20,828,534
% of shares held	5.59%	5.59%
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 2013	31 March 2012
Securities premium		
Balance	18,739.90	18,739.90
	18,739.90	18,739.90
Foreign currency translation reserve		
Opening balance	(0.07)	(0.14)
Add: Movement during the year	(1.54)	0.07
	(1.61)	(0.07)
Surplus		
Opening balance	7,139.75	5,919.35
Add: Profit for the year from the statement of Profit and Loss	1,505.80	1,313.57
Amount available for appropriations	8,645.55	7,232.92
Appropriations		
Preference dividend	80.00	80.22
Dividend distribution tax	12.98	12.95
	92.98	93.17
Balance	8,552.57	7,139.75
	27,290.86	25,879.58

6 Minority Interest

	As at	
	31 March 2013	31 March 2012
Minority interest	6,587.19	5,135.93
Preference share capital in JV entities held by others	35.20	35.20
Share application money in subsidiaries held by others	112.79	112.26
	6,735.18	5,283.39

7 Borrowings

	As at	
	31 March 2013	31 March 2012
Long-term borrowings		
Secured		
Term loans		
Rupee loans from banks	51,640.72	31,696.73
Rupee loans from others	31,689.09	28,113.36
Foreign currency loans	28,070.92	20,226.99
Hire purchase loans	1.36	6.43
Unsecured		
Loans and advances from related parties	-	270.00
Deferred payment liabilities	230.00	230.00
	111,632.09	80,543.51
Short-term borrowings		
Secured		
Loans repayable on demand		
From banks *	6,332.51	7,074.27
Foreign currency loans	1,497.77	488.07
Loans against letters of credit	2,145.92	4,344.82
Loan against deposit	7,586.20	6,579.30
Unsecured		
Loans repayable on demand		
From related parties	418.09	411.09
From others	1.74	26.58
	17,982.23	18,924.13
	129,614.32	99,467.64

* Out of the above loans repayable on demand from banks, amount of ₹ 2,307.19 is guaranteed by KSK Power Ventur plc., the stepup holding company.

Notes to Consolidated Financial Statements (Continued...)

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

a Details of security provided for various credit facilities

KSK Energy Ventures Limited

Rupee term loan from others is 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.

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

Wardha Power Company Limited

Rupee term loans from banks and others are secured by first charge pari-passu by way of mortgage on 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.

Loan 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.

Foreign currency loans and loans against letter of credit are secured by subservient charges on the entire movable fixed and current assets of the company and 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.

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. Corporate guarantee given KSK Energy Ventures Limited

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

KSK Dibbin Hydro Power Private Limited

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 certain 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.

KSK Mahanadi Power Company Limited

Rupee term loans, foreign currency loans and loans against letter of credit are secured by first 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.

Rupee sub debt loans are secured by second charge over all movable properties, immovable 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.

Sai Regency Power Corporation Private Limited

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

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

b Loan against deposits are secured by pledge of deposits.

c Repayment terms of long-term borrowings

S No	Name of the Company	Amount outstanding included in		Repayment terms
		Long term borrowings	Other current liability	
Term loan				
1	KSK Energy Ventures Limited	-	875.00	The long term Rupee loan is repayable by March 2014, in quarterly instalments. The long term borrowings carries an weighted average rate of interest of 13.77% per annum.
2	Wardha Power Company Limited	15,148.52	2,497.28	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from June 2020 to September 2022. These loans carry a weighted average interest rate of 13.35% per annum.
3	Sitapuram Power Limited	485.10	158.71	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from September 2016 to March 2023. These loans

Notes to Consolidated Financial Statements (Continued...)

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

S No	Name of the Company	Amount outstanding included in		Repayment terms
		Long term borrowings	Other current liability	
				carry a weighted average interest rate of 12.25% per annum.
4	VS Lignite Power Private Limited	4,892.49	490.61	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from November 2020 to May 2024. These loans carry a weighted average interest rate of 12.65% per annum.
5	Arasmeta Captive Power Company Private Limited	1,254.00	342.50	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from December 2013 to April 2021. These loans carry a weighted average interest rate of 12.67% per annum.
6	Sai Regency Power Corporation Private Limited	1,638.27	1,102.68	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from June 2013 to June 2023. These loans carry a weighted average interest rate of 12.86% per annum.
7	KSK Mahanadi Power Company Limited	59,911.43	-	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from September 2024 to April 2026. These loans carry a weighted average interest rate of 14.21% per annum.
Foreign currency loans				
1	Wardha Power Company Limited	2,186.20	-	The long term foreign currency loans are repayable by June 2014. The long term foreign currency loans carry a weighted average interest rate of 4.18% per annum.
2	KSK Mahanadi Power Company Limited	25,884.72	674.39	The 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 and the weighted average interest rate is around 2.43% per annum.

S No	Name of the Company	Amount outstanding included in		Repayment terms
		Long term borrowings	Other current liability	
Hire purchase loans				
1	KSK Dibbin Hydro Power Private Limited	1.36	5.07	The hire purchase loan is repayable by June 2014 in monthly instalments.
Deferred payment liabilities				
1	KSK Energy Ventures Limited	230.00	-	Deferred payment liability are repayable in March 2018.

8 Deferred tax liability / (assets)

	As at	
	31 March 2013	31 March 2012
Deferred tax liability on account of depreciation	1,583.24	868.61
Deferred tax (asset) on account of carry forward of losses	(3,266.31)	(1,762.83)
Deferred tax (asset) on gratuity	(0.51)	-
Deferred tax (assets), net as at the end of the year	(1,683.58)	(894.22)

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 2013 has been recognized only to the extent the timing differences arising in the current period does not get reversed within the tax holiday period.

9 Other long term liabilities

	As at	
	31 March 2013	31 March 2012
Creditor for capital goods (including retention money)	3,109.83	2,405.06
Security deposit from customers	161.82	211.41
	3,271.65	2,616.47

10 Trade payable

	As at	
	31 March 2013	31 March 2012
Dues to other than micro and small enterprises	2,163.39	2,073.57
	2,163.39	2,073.57

As at 31 March 2013 (31 March 2012: Nil) there are no amounts including interest payable to Micro and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006, based on the information available with the Company.

Notes to Consolidated Financial Statements (Continued...)

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

11 Provisions

	As at	
	31 March 2013	31 March 2012
Long-term provisions		
For employee benefits (refer note a)	51.14	46.66
	51.14	46.66
Short-term provisions		
For dividend and tax thereon	19.36	19.61
For taxation (net of advance tax) (refer note b)	73.49	119.13
	92.85	138.74
	143.99	185.40

- 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.

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 2013	31 March 2012
Benefit obligation at the beginning of the year	83.20	55.59
Interest cost	6.63	4.53
Current Service cost	33.45	41.56
Benefits paid	(0.64)	(0.18)
Actuarial (gain) / loss	(30.48)	(18.30)
Benefit obligation at the end of the year	92.16	83.20

Change in the fair value of assets

	As at	
	31 March 2013	31 March 2012
Fair value of plan assets at the beginning of the year	33.66	20.96
Expected return on plan assets	3.36	2.36
Contributions	7.56	10.34
Benefits paid	(0.64)	(0.18)
Actuarial gains/(loss)	0.21	0.18
Fair value of plan assets at the end of the year	44.15	33.66

Amount recognized in the Balance Sheet

	As at	
	31 March 2013	31 March 2012
Present value of funded obligations at the end of the year	92.16	83.20
Fair value on plan assets at the end of the year	44.15	33.66
Funded status	(48.01)	(49.54)
Unrecognized past service cost -non vested cost	-	3.94
Net (liability) / asset recognised in the Balance Sheet	(48.01)	(45.60)

Experience history

	As at		
	31 March 2013	31 March 2012	31 March 2011
Actuarial (gain) / losses	(30.69)	(18.48)	(12.74)
Experience adjustment			
On account of change in assumption	(0.92)	2.27	(1.36)
On account of change in experience	(29.56)	(20.57)	(11.62)
On plan assets	(0.21)	(0.18)	0.24

Amount recognized in the statement of Profit and Loss

	Year ended	
	31 March 2013	31 March 2012
Current service cost	33.45	41.56
Interest cost	6.63	4.53
Past service cost- (non vested benefits)	3.94	5.30
Expected return on plan assets	(3.36)	(2.36)
Net actuarial (gain) / loss recognised in the year	(30.69)	(18.48)
Amount included in personnel expense / other income	9.97	30.55

Asset information

Category of Assets	As at	
	31 March 2013	31 March 2012
Insurer managed funds	100%	100%

Notes to Consolidated Financial Statements (Continued...)

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

Summary of actuarial assumptions

	Year ended	
	31 March 2013	31 March 2012
Discount rate	8.06%	8.00%
Salary escalation	15.00%	15.00%
Attrition rate	15.00%	15.00%
Expected return on plan assets	9.00%	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 2013	31 March 2012
Current maturities of long-term debt	6,146.24	16,150.01
Interest accrued but not due on borrowings	503.69	544.29
Interest accrued and due on borrowings	444.60	15.44
Security deposit from customers	37.58	39.92
Salaries and bonus payable	68.21	107.25
Share application money in subsidiary held by others	182.40	2,825.14
Creditor for capital goods (including retention money)	19,867.88	11,170.49
Statutory liabilities	308.02	181.05
	27,558.62	31,033.59

Notes to Consolidated Financial Statements (Continued...)

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

14 Investments

	As at	
	31 March 2013	31 March 2012
Non-current investments		
Trade investment		
Investment in equity instruments		
(quoted, fully paid up)		
364,418 (31 March 2012: 364,418) equity shares of ₹ 10/- each in Thiru Arooran Sugars Limited	55.81	55.81
(unquoted, fully paid up)		
3,636,363 (31 March 2012: 3,636,363) equity shares of ₹ 10/- each in Terra Energy Limited	160.00	160.00
	215.81	215.81
Current investments		
Other investment		
Investment in mutual fund		
(quoted, fully paid up)		
Nil (31 March 2012: 20,030,888) units of ₹ 10.0015/- each in IDFC Cash Fund - Super Inst Plan C - Daily Dividend	-	200.34
101,247.072 (31 March 2012: Nil) units of ₹ 1000.25/- each in IDFC Cash Fund - Daily Dividend -(Direct Plan)	101.27	-
6,024,979.585 (31 March 2012: Nil) units of ₹ 10.0125/- each in IDFC Ultra Short Term Fund - Daily Dividend -(Direct Plan)	60.33	-
28,701.728 (31 March 2012: Nil) units of ₹ 16.1653/- each in IDFC Ultra Short Term Fund - Growth -(Direct Plan)	0.46	-
4,989.846 (31 March 2012: Nil) units of ₹ 2004.07/- each in SBI Magnum Insta Cash Fund Liquid Floater-Regular Plan-Growth	10.00	-
Nil (31 March 2012: 213,430) units of ₹ 100.03/- each in Birla Sun Life Cash Manager - Daily Dividend	-	21.35
	172.06	221.69
	387.87	437.50

Aggregate Market value of quoted investment as at 31 March 2013: ₹ 193.98 (31 March 2012: ₹ 249.75)

15 Loans and advances

	As at	
	31 March 2013	31 March 2012
Long-term loans and advances		
Secured, considered good		
Capital advances	9,610.46	14,628.86
Unsecured, considered good		
Capital advances	1,470.05	1,210.39
Security deposits	380.93	380.93
Prepaid expenses	12.92	19.00
Advance for investment	79.61	325.19
Advance tax and TDS receivable (net of provision for tax)	567.01	137.25
	12,120.98	16,701.62
Short-term loans and advances		
Unsecured, considered good		
Inter corporate deposits		
related parties	922.75	719.29
others	779.01	954.46
Advance for supplies / expenses	470.47	1,023.21
Prepaid expenses	493.30	636.68
Other receivables		
related parties	667.76	949.07
others	1,671.64	1,595.43
Security deposits		
related parties	3,111.94	3,263.71
others	418.42	402.13
Unsecured considered doubtful		
Other receivables	134.54	-
Less: Provision for doubtful advances	(134.54)	-
	8,535.29	9,543.98
	20,656.27	26,245.60

*Other receivables includes an amount of ₹ 80.00 i.e group share of 49% of ₹ 163.25 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 Cement 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 November 2010. Aggrieved by this SPDCL has filed an appeal before Honourable Supreme Court and after hearing contention of the Company, Supreme court has passed an

Notes to Consolidated Financial Statements (Continued...)

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

order vide dated 27 January 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. Appellate Tribunal for Electricity after hearing the petition advised the Company vide letter dated 27 August 2012 to approach the APERC to seek for consequential order in consonance with the finding in the judgment. The Company has filed a writ petition before high court of Andhra Pradesh dated 22 April 2013 to issue an order / direction to SPDCL to refund the amount along with interest.

16 Other assets

	As at	
	31 March 2013	31 March 2012
Other non-current assets		
Unsecured, considered good		
Trade receivables	230.00	230.00
Mat credit entitlement	453.23	312.77
Balances with banks;		
Deposits held as margin money or security against guarantees or borrowings	1,684.44	1,481.26
Other deposits	-	15.90
Interest accrued on deposits and advances	185.14	55.11
	2,552.81	2,095.04
Other current assets		
Unsecured, considered good		
Interest accrued on deposits and advances	775.86	1,111.91
Unbilled revenue	23.33	189.30
Balances with statutory authorities	782.60	174.18
	1,581.79	1,475.39
	4,134.60	3,570.43

17 Inventories

	As at	
	31 March 2013	31 March 2012
(At lower of cost or net realisable value)		
Fuel		
Coal	350.99	448.22
Coal - in - transit	113.90	129.47
Lignite	14.29	23.04
Lime Stone	2.05	0.43
Stores and spares	1,016.75	611.26
Stores and spares-in-transit	12.73	19.69
	1,510.71	1,232.11

18 Trade receivables

	As at	
	31 March 2013	31 March 2012
Secured, considered good		
Debts outstanding for a period exceeding six months	489.96	212.26
Other debts	1,114.95	325.49
Unsecured, considered good		
Debts outstanding for a period exceeding six months	1,281.08	1,155.07
Other debts	2,711.09	2,109.54
Unsecured, considered doubtful		
Debts outstanding for a period exceeding six months	88.80	-
Provision for doubtful debts	(88.80)	-
	5,597.08	3,802.36

As per the terms of the Power Purchase Agreement ('PPA') entered in between by various subsidiaries (hereinafter referred to as 'SPVs') and captive consumers (hereinafter referred to as 'Customers'), they are required to carry out an annual reconciliation of the energy supplied / taken against the minimum guaranteed units as per PPA, any excess or shortfall of the customer's take or pay obligations or SPV's supply or pay obligations and various debit and credit notes raised by either of the parties. The reconciliation is currently under progress and the management is confident that the entire amount outstanding is recoverable and also it will not result in any claims against the Group.

19 Cash and bank balances

	As at	
	31 March 2013	31 March 2012
Cash and cash equivalents		
Cash on hand	24.38	7.78
Balances with banks;		
On current account	1,200.22	4,956.77
On deposit account	216.23	25.79
	1,440.83	4,990.34
Other bank balances		
Deposits with bank held as margin money or security against guarantees or borrowings	12,708.34	15,187.38
Deposit having maturity of more than three months	507.30	145.35
	13,215.64	15,332.73
	14,656.47	20,323.07

Notes to Consolidated Financial Statements (Continued...)

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

20 Revenue from operations

	Year ended	
	31 March 2013	31 March 2012
Sale of electricity	21,910.62	19,065.90
Project development fees	123.75	393.09
Corporate support service fees	2.19	2.19
Other operating income	33.64	14.72
	22,070.20	19,475.90

21 Other Income

	Year ended	
	31 March 2013	31 March 2012
Interest income	980.73	888.24
Dividend income	1.28	13.61
Net gain on sale of investments	3.41	3.98
Miscellaneous income	21.54	210.51
	1,006.96	1,116.34

22 Cost of fuel consumed

	Year ended	
	31 March 2013	31 March 2012
Coal	8,804.05	8,299.68
Lignite	738.73	683.48
Natural gas	953.29	851.95
Others	199.57	157.18
	10,695.64	9,992.29

23 Manufacturing expenses

	Year ended	
	31 March 2013	31 March 2012
Consumption of stores and spares	305.47	182.61
Operation and maintenance expenses	645.78	643.86
Cost of import power	80.52	72.88
Raw water charges	239.66	158.88
Repairs and maintenance - plant and equipment	43.07	24.15
	1,314.50	1,082.38

24 Employee benefit expenses

	Year ended	
	31 March 2013	31 March 2012
Salaries, wages and bonus	399.80	399.32
Contribution to provident and other funds	13.79	13.20
Staff welfare expenses	18.06	20.11
	431.65	432.63

25 Other expenses

	Year ended	
	31 March 2013	31 March 2012
Rent	26.39	30.87
Rates and taxes	23.76	114.03
Communication expenses	14.02	14.27
Travel and conveyance	37.35	39.69
Insurance charges	76.01	74.08
Legal and professional charges	137.81	116.59
Generation, transmission and selling expenses	528.32	296.96
Remuneration to auditors	5.34	5.47
Repairs and maintenance		
building	8.54	4.74
others	66.28	60.26
Bad debts / advances written off	6.00	230.00
Provision for doubtful debts / receivables	228.37	-
Donation (refer note a)	17.54	59.30
Freight outward	91.70	103.96
Foreign exchange loss, net	70.26	75.43
Loss on sale of fixed assets	24.71	2.48
Miscellaneous expenses	82.06	85.21
	1,444.46	1,313.34

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

	Year ended	
	31 March 2013	31 March 2012
Bharatiya Janata Party	-	39.50

Notes to Consolidated Financial Statements (Continued...)

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

26 Finance costs

	Year ended	
	31 March 2013	31 March 2012
Interest expense	5,693.10	5,253.48
Other borrowing cost	324.57	135.24
	6,017.67	5,388.72

The borrowing cost attributable to the acquisition or construction of fixed assets amounting to ₹ 8,662.14 (31 March 2012: ₹ 5,400.67) has been capitalised.

27 Contingent liabilities and Commitments

a Contingent liabilities (Group's share)

	As at	
	31 March 2013	31 March 2012
(i) Letter of credit outstanding	-	24.25
(ii) Bank guarantees outstanding	9.41	9.41
(iii) Corporate guarantees outstanding	8,278.25	4,606.43

(iv) Claims against the Group not acknowledged as debt ₹ 503.61 (31 March 2012: ₹ 497.31).

(v) The Group has received claims for ₹ 652.87 (31 March 2012: ₹ 652.87) from Joint Director General of Foreign Trade (JDGFT) 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 JDGFT 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. The relevant amendments has now been incorporated in the policy. Since the amendments made shall have prospective effect only, 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) The Company has received a net demand of ₹ 280.30 (including interest) from income tax department for Assessment Year 2010-11 pursuant to disallowance of certain claims / expenses. Challenging the order, Company preferred an appeal before CIT (appeals). Further, an amount of ₹ 30 has been paid against the demand and the balance demand is stayed and the stay is subject to review in September 2013. The Company believes that all the claims / expenses claimed are allowable as per the provision of income tax act and the demand raised is not tenable and there should not be any material impact on the financial statement.

(vii) Service tax department has issued demand order to the Company for payment of service tax amounting to ₹ 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 amount of contracts remaining to be executed on capital and other account and not provided for in the Company, its Subsidiaries and Joint Ventures: (Group's share)

	As at	
	31 March 2013	31 March 2012
(i) Estimated value of contracts remaining to be executed on capital account not provided for	57,809.76	76,989.74
(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 2013 is ₹ Nil (31 March 2012: ₹ 3,904.55)		

28 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 Cement 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 Cement 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.

The aggregate amount of the assets, liabilities, income and expenses related to the Group's share in the JV included in these financial statements, as at and for the year ended 31 March 2013 are given below:

	As at	
	31 March 2013	31 March 2012
LIABILITIES		
Non-current liabilities		
Long-term borrowings	485.10	211.88
Deferred tax liabilities (net)	49.80	41.54
Long-term provisions	0.84	0.60
	535.74	254.02
Current liabilities		
Short-term borrowings	75.28	330.88
Trade payables	39.53	99.19
Other current liabilities	167.49	72.42
Short-term provisions	12.14	-
	294.44	502.49
	830.18	756.51

29 Operating Leases

The Consolidated entities have entered in to certain operating lease agreements. An amount of ₹ 72.04 (31 March 2012: ₹ 83.97) paid under such agreements has been disclosed as "Rent" under other expenses in the Consolidated Statement of Profit and Loss and expenditure during construction period, pending allocation.

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

	As at	
	31 March 2013	31 March 2012
Lease Obligations		
Within one year of the Balance Sheet date	0.47	11.43
Due between one to five years	-	0.47
Due after five years	-	-

30 Earnings per Share (EPS)

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

	Year ended	
	31 March 2013	31 March 2012
Net profit after tax and minority interest	1,505.80	1,313.57
Less: Preference dividend and tax thereon	92.98	93.17
Net profit attributable to shareholders - for basic / diluted EPS	1,412.82	1,220.40
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 ₹)	3.79	3.28

Notes to Consolidated Financial Statements (Continued...)

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

31 Particulars of unhedged foreign currency exposure

Particulars	As at	
	31 March 2013	31 March 2012
Loans	₹ 30,089.14	₹ 33,020.04
	US \$ 550.53	US \$ 634.02
Loans	₹ 153.95	₹ 76.32
	Euro 2.2	Euro 1.1
Interest on loans	₹ 224.29	₹ 329.52
	US \$ 4.10	US \$ 6.33
Interest on loans	₹ 2.14	₹ 0.28
	Euro 0.03	Euro 0.01
Import creditors (including retention money)	₹ 19,713.57	₹ 11,157.37
	US \$ 360.69	US \$ 214.23
Receivable	₹ 298.90	-
	US \$ 5.47	-
Cash with Bank	₹ 1.58	₹ 1.24
	CNY 0.18	CNY 0.15
Cash with Bank	₹ 0.39	₹ 4.13
	US \$ 0.01	US \$ 0.08

32 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 2013	Project development activities	Power generating activities	Reconciling / Elimination activities	Total
Revenue	491.55	21,944.26	(365.61)	22,070.20
Segment result	319.70	5,624.28	-	5,943.98
Unallocated income (net)				982.25
Finance costs				(6,017.67)
Profit before tax				908.56
Tax income				764.96
Profit for the year				1,673.52
Segment assets	889.31	191,670.79	-	192,560.10
Unallocated assets				9,171.52
Total assets				201,731.62
Segment liabilities	23.21	29,770.71	-	29,793.92
Unallocated liabilities				133,002.96
Total liabilities				162,796.88
Other segment information				
Depreciation / amortisation	20.20	2,244.48	-	2,264.68
Capital expenditure	25.39	35,862.19	-	35,887.58

Year ended 31 March 2012	Project development activities	Power generating activities	Reconciling / Elimination activities	Total
Revenue	620.09	19,080.62	(224.81)	19,475.90
Segment result	393.71	4,098.25	-	4,491.96
Unallocated income (net)				2,039.86
Finance costs				(5,388.72)
Profit before tax				1,143.10
Tax income				359.97
Profit for the year				1,503.07
Segment assets	1,596.15	161,453.21	(207.32)	162,842.04
Unallocated assets				8,599.26
Total assets				171,441.41
Segment liabilities	36.47	19,616.87	(207.32)	19,446.02
Unallocated liabilities				113,280.86
Total liabilities				132,727.00
Other segment information				
Depreciation / amortisation	16.24	2,147.06	-	2,163.30
Capital expenditure	374.13	45,106.30	-	45,480.43

Notes to Consolidated Financial Statements (Continued...)

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

33 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 3c)

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 Energy Company Private Limited	Fellow subsidiary
2	Raigarh Champa Rail Infrastructure Private Limited (formerly KSK Cargo Mover Private Limited)	Fellow subsidiary
3	KSK Mineral Resources Private Limited	Fellow subsidiary
4	KSK Surya Photovoltaic Venture Limited (formerly 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
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	KSK Wind Energy Nandgaon Athni Private Limited	Fellow subsidiary
11	KSK Wind Energy Madurai Ms Puram Private Limited	Fellow subsidiary
12	KSK Wind Energy Tirupur Elayamuthur Private Limited	Fellow subsidiary
13	KSK Wind Energy Tuticorin Rajapudukudi Private Limited	Fellow subsidiary
14	Marudhar Mining Private Limited	Fellow subsidiary
15	SN Nirman Infra Projects Private Limited	Fellow subsidiary
16	Sitapuram Power Limited	Joint Venture

c Key Management Personnel (KMP) and relatives

S No.	Name of the party	Relationship
1	Mr. S. Kishore	Whole-time Director
2	Mr. 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. Particulars of related party transactions

		31 March 2013			
S.No	Particulars	Joint venture	Subsidiaries/Fellow subsidiaries	Holding/ Ultimate Holding	KMP/ Relative of KMP
Transactions					
1	Project development and corporate support fees	2.19	123.75	-	-
2	Interest income	29.82	719.51	-	-
3	Interest expense	-	14.95	-	-
4	Fuel and water charges	-	938.17	-	-
5	Sale of assets	-	1.17	-	-
6	Share application money / loans accepted	-	1,813.82	-	-
7	Share application money / loans repaid	-	2,001.31	1,750.00	-
8	Loans and advances given (including advance for investments)	8.93	2,910.63	-	-
9	Refund of the loans and advances	230.22	2,960.25	-	-
10	Managerial remuneration	-	-	-	18.00
Balances					
1	Amount receivable	5.04	4,707.03	-	-
2	Amount payable	-	432.56	-	-
3	Share application money in subsidiary	-	100.00	-	-
4	Managerial remuneration payable	-	-	-	1.33

Notes to Consolidated Financial Statements (Continued...)

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

		31 March 2013			
S.No	Particulars	Joint venture	Subsidiaries/Fellow subsidiaries	Holding/ Ultimate Holding	KMP/ Relative of KMP
Transactions					
1	Project development and corporate support fees	2.19	393.09	-	-
2	Interest income	30.20	693.61	-	-
3	Interest expense	-	6.82	-	-
4	Fuel and water charges	-	761.10	-	-
5	Sale of assets	-	1.68	-	-
6	Purchase of assets	-	-	134.86	141.30
7	Share application money / loans accepted	-	618.64	2,825.14	-
8	Share application money / loans repaid	-	343.76	-	-
9	Loans and advances given (including advance for investments)	92.77	5,497.95	-	-
10	Refund of the loans and advances	30.61	2,591.71	-	-
11	Managerial remuneration	-	-	-	18.00
Balances					
1	Amount receivable	229.20	4,721.16	-	-
2	Amount payable	-	982.87	-	-
3	Share application money in subsidiary	-	-	2,825.14	-
4	Managerial remuneration payable	-	-	-	1.15

e. The Group has given corporate guarantees of ₹ 12,854.10 (31 March 2012: ₹ 5,834.10), bank guarantees of ₹ 9.41 (31 March 2012: ₹ 9.41) and letter of credit limits of Nil (31 March 2012: ₹ 24.25) on behalf of fellow subsidiaries.

f. The Group has obtained corporate guarantees of ₹ 12,305.00 (31 March 2012: ₹ 13,955.00) from step-up holding company.

Notes to Consolidated Financial Statements (Continued...)

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

- 34 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.
- 35 Previous period / year figures have been regrouped / reclassified to conform to the classification of the current period.

As per our report of even date

For **Umamaheswara Rao & Co.,**

Chartered Accountants

Firm Registration No: 004453S

Sd/-

S. Venugopal

Partner

Membership No: 205565

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

D. Suresh Babu

Company Secretary

For and on behalf of the Board

Place: Hyderabad

Date: 28 May 2013

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 Thirteenth Annual General Meeting of the members of the Company will be held on Saturday, 21 September 2013, at Bhaskara Auditorium, B M Birla Science Centre, G P Birla Marg, Adarsh Nagar, Hyderabad - 500 063 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31 March, 2013 and the Statement of Profit & Loss for the year ended as on that date together with the reports of Directors' and Auditors' thereon.
2. To re-appoint Mr. Girish N Kulkarni, who retires by rotation and who being eligible, offers himself for re-appointment as a Director.
3. To re-appoint Mr. Anil Kumar Kutty, who retires by rotation and who being eligible, offers himself for re-appointment as a Director.
4. 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

Sd/-

Place: Hyderabad

Date: 10 August 2013

D. Suresh Babu

Company Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. 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.
3. The Register of Members and Share Transfer books will remain closed from 14 September 2013 to 21 September 2013 (both days inclusive) in connection with the Annual General Meeting to be held on 21 September 2013.
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
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 same at the entrance of the meeting hall.

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

Name of the Director	Mr. Girish N Kulkarni
Date of Birth	07.07.1966
Date of Appointment	26.07.2002
Qualifications	B.E, PG Diploma in Business Administration
Brief Resume and Expertise in specific functional area	Mr. Girish Kulkarni, Non-Executive Director, has a Bachelors Degree in Engineering from the Indian Institute of Technology, Mumbai and a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad. Mr. Kulkarni has more than 20 years of operating and investment experience in different aspects of the Indian capital markets. He started his professional career as a project finance officer with ICICI, after which he became the head of equity sales, trading and research at ICICI Securities Limited. Mr. Kulkarni has been involved in numerous IPOs in the Indian capital markets and several mergers and acquisition assignments. Mr. Kulkarni is the advisor to the India Technology Fund, an early stage venture fund investing in Technology companies. He is also the Founder and Managing Director of Suyash Advisors, the India advisor to Monsoon Capital, an India dedicated alternative asset fund managing about USD 500 million for investment in public and private equities and real estate projects in India.
Directorships held in other Companies	<ol style="list-style-type: none"> 1. Suyash Outsourcing Private Limited 2. GNS Outsourcing Private Limited 3. DQ Entertainment (International) Limited 4. DQ Entertainment Limited 5. Sansera Engineering Private Limited 6. Suyash IT Services Private Limited 7. Topwave Trading Company Private Limited 8. Servion T Global Solutions Limited 9. Enzen Global Solutions Private Limited 10. Gatil Properties Private Limited 11. Phoenix Living Spaces private Limited
Committee Memberships / Chairmanships	Member, Audit Committee, KSK Energy Ventures Limited Member, Audit Committee, Servion T Global Solutions Limited
Shareholding, if any, in the Company	100 shares
Relationship with other directors	None

Particulars	Mr. Anil Kumar Kutty
Date of Birth	12.10.1953
Date of Appointment	03.05.2008
Qualifications	M.Sc (Physics)
Brief Resume and Expertise in specific functional area	<p>Mr. Anil Kumar Kutty, Non-Executive Director, has a Masters degree in Physics from the Delhi University. He has over three decades of experience in various fields including banking, administrative service and power sector.</p> <p>Mr. Kutty is an officer of the 1978 batch of the IAS. He has handled several key assignments in the power sector during his tenure in the State Government of Andhra Pradesh and the Government of India. He acted as Member Secretary of APSEB from 1996 to 1999. In addition to his duties as head of commercial and administration departments, he was in charge of power sector reforms in Andhra Pradesh which became the role model for the entire country. He was also the first Chairman and Managing Director of APTRANSCO. He also worked as Joint Secretary, Ministry of Power, and Government of India from 2002 to 2007 wherein he has handled policy and other issues relating to hydro power, transmission and IPPS.</p>
Directorships held in other Companies	<ol style="list-style-type: none"> 1. KSK Energy Resources Private Limited 2. KSK Mahanadi Power Company Limited 3. KSK Surya Photovoltaic Venture Limited 4. KSK Surya Ventures Limited, Mauritius 5. KSK Solar Ventures plc, Isle of Man
Committee Memberships / Chairmanships	<p>Member, Audit Committee, KSK Mahanadi Power Company Limited</p> <p>Member, Audit Committee, KSK Surya Photovoltaic Venture Limited</p>
Shareholding, if any, in the Company	375 shares
Relationship with other directors	None

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs, has taken a "Green Initiative in the Corporate Governance" permitting paperless compliances by the Companies through electronic mode and has issued circulars in this regard. In support of this green initiative, the Company is sending the Annual Report to the email address provided by you with your depository participant. The 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 respective 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-500081. Members who have registered their e-mail addresses, are entitled to receive the communications in physical form, upon request.

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

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 : investors@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

Bankers

Andhra Bank
Bank of India
Axis Bank
UCO Bank
Indian Bank

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
Plot No.17 – 24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Andhra Pradesh, India
Ph: 040-2342815-28
Fax: 040-2342814
E-Mail: einward.ris@karvy.com

Shares Listed at

National Stock Exchange of India Limited
BSE Limited

Website

www.ksk.co.in



KSK Energy Ventures Limited

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

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint Shareholders may obtain additional slip on request

DP ID No.: _____ Regd. Folio/Client ID No.: _____

No. of shares held: _____

I/We, hereby record my/our presence at the Thirteenth Annual General Meeting of the Company to be held on Saturday, 21 September 2013 at 11.00 A.M at Bhaskara Auditorium, B M Birla Science Centre, G P Birla Marg, Adarsh Nagar, Hyderabad - 500 063, Andhra Pradesh.

Name of the Shareholder / Proxy (IN BLOCK LETTERS)

(Signature of Member/Proxy)

Note: Shareholder/Proxy holder wishing to attend the Meeting must bring the Attendance Slip to the Meeting and handover the same at the entrance, duly signed.



KSK Energy Ventures Limited

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

PROXY FORM

DP ID No:

Regd. Folio / Client ID No.:

No. of Shares held:

I/We _____ of

_____ being a Member/Members of KSK Energy Ventures Limited hereby appoint _____ of _____ or failing

him _____ of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held on Saturday, 21 September 2013 at 11.00 A.M and at every adjournment thereof.

Place:

Date:

Signature

Affix
15 Paise
Revenue
Stamp

Note: This Proxy Form completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. A proxy need not be a member.



Hospital



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.

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