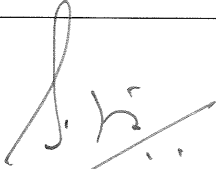
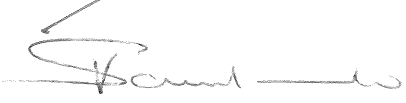




FORM A

1	Name of the Company	KSK Energy Ventures Limited	
2	Annual Financial Statements for the year ended	31 st March 2014	
3	Type of Audit Observation	Un-qualified	
4	Frequency of Observation	N/A	
5	To be signed by		
	CEO / Managing Director	Mr. S. Kishore, Whole-time Director	
	CFO	Mr. V. Samabasiva Rao, Group Head - Accounts	
	Auditor of the Company	Mr. S. Venugopal, Chartered Accountant Mem. No. 205565	
	Audit Committee Chairman	Mr. S.R. Iyer	



ANNUAL REPORT 2013-14



BOARD OF DIRECTORS



Mr. T.L. Sankar
Chairman



Mr. S.R. Iyer
Non-Executive Director



Mr. Girish Kulkarni
Non-Executive Director



Mr. Anil Kumar Kutty
Non-Executive Director



Mr. K. Bapi Raju
Non-Executive Director



Mr. Tanmay Das
Non-Executive Director



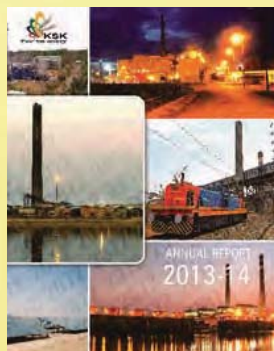
Mr. K.A. Sastry
Whole-time Director



Mr. S. Kishore
Whole-time Director



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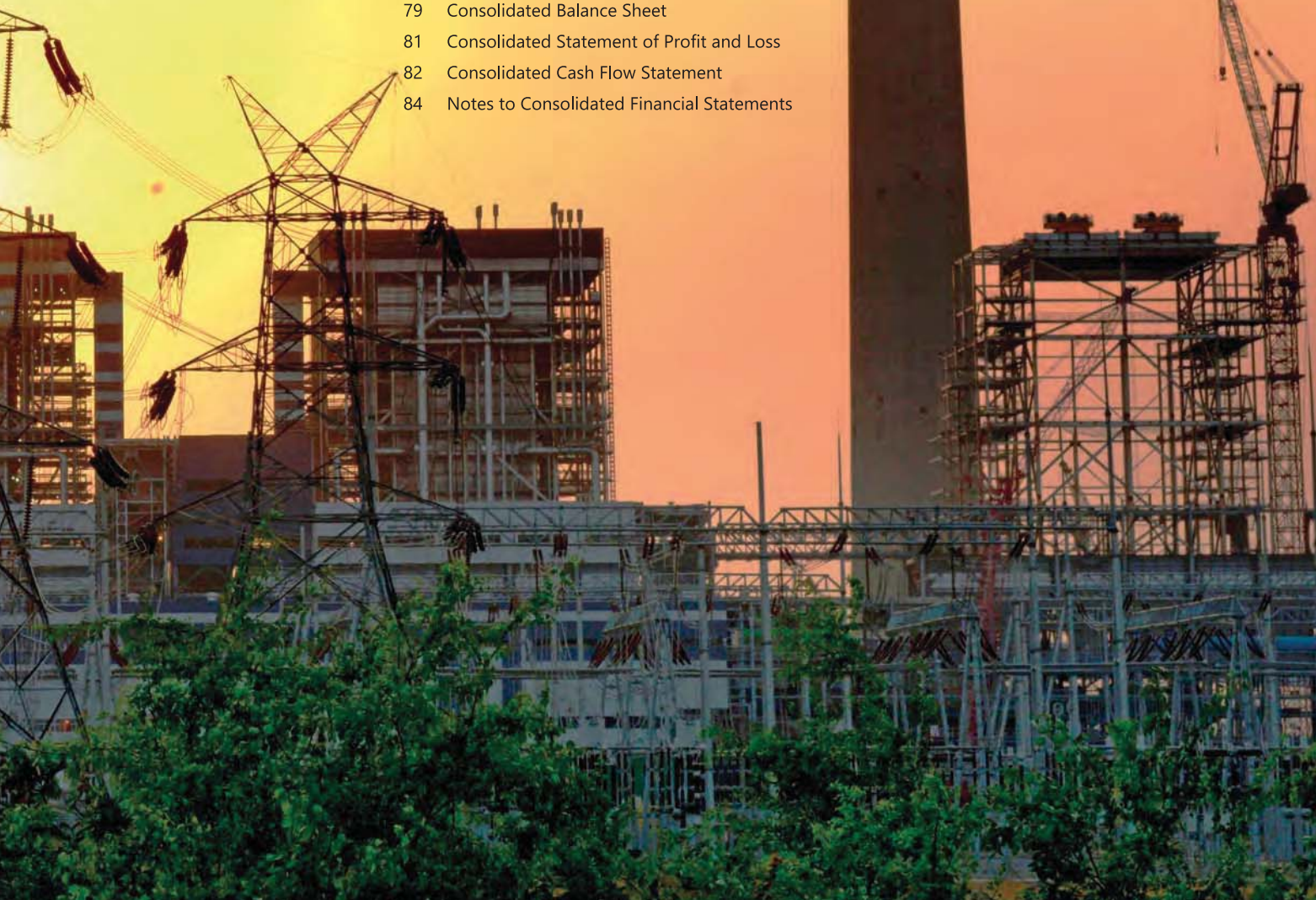
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Corporate Information

Board of Directors

Mr.T.L.Sankar
Mr.S.R.Iyer
Mr.Girish N Kulkarni
Mr.K.Bapi Raju
Mr.Anil Kumar Kutty
Mr.Tanmay Das
Mr.K.A.Sastry
Mr.S.Kishore

Company Secretary

Mr. M.S. Phani Sekhar

Registered Office

8-2-293/82/A/431/A, Road No.22, Jubilee Hills
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Ph: 040-23559922-25
Fax: 040-23559930
E-mail: investors@ksk.co.in
CIN:L45204AP2001PLC057199

Statutory Auditors

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

Registrar & Share Transfer Agent

Karvy Computershare Private Limited
Plot No.17 - 24, Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081, Telangana, India

Shares Listed at

National Stock Exchange of India Limited
BSE Limited

Website

www.ksk.co.in



Highlights of the year

- Operating capacity stood at **1472 MW**
- First Unit of **600 MW** of KSK Mahanadi operational and the second unit of **600MW** anticipated to operate shortly. Taking aggregate operational capacity to **2072 MW**
- Commissioning of common infrastructure, additional infrastructure works for KSK Mahanadi is under progress
- **10 MW Solar power** generation project commissioned
- New **Solar** and **Wind** power generation projects under pursuit
- Hydro-Thermal opportunities potential collaboration for taking up next stage of development



KSK Mahanadi, Chhattisgarh



T.L. Sankar, Chairman

KSK's motto has always been to deliver sustainable power and in delivering this KSK needs the support of all the various stakeholders and in particular the Government, Lenders and the Shareholders. With the various challenges across power sector in India and long standing issues unresolved, there is a renewed hope in the industry that the new government would take definitive steps to address these and make much required amends to ensure assets utilization are good and generation returns to being the backbone of Indian economic growth ahead.

Our commitment to become a leading power generator is stronger than ever and I am making an effort to summarize the performance of KSK for the year 2013-14 and plans ahead.

I am pleased to report that the year 2013-14 witnessed the commissioning of first unit of 600 MW of the 3,600 MW project of the KSK Mahanadi SPV in the State of Chhattisgarh catapulting the Group's aggregate gross power generation to 6,514 MWhs. With another 600 MW unit soon entering into operations at KSK Mahanadi, the aggregate operating capacity during the current year would be above 2000 MW and resultantly gross generation in the current year could be significantly higher. These results are in the context of the circumstances across the Indian power sector and the overall challenging times and economic environment in India as well.

Our constant efforts to iron out all the impediments that have been created by various stakeholders that hamper the actual generation of our power plants only demonstrate that power generation business in India not only necessitates actual unit construction completion at project sites but also addressing the various daily infirmities, in the current environment, on a dynamic basis with innovative and flexible solutions. It is our belief that once successfully addressed we

would be position to operate a secured portfolio of power generating assets which in turn will generate attractive returns for our business and our shareholders.

The phased construction of the KSK Mahanadi project is making steady progress, with the first 600 MW unit commissioned during the year and another very shortly. The commencement of fuel supplies under the tapering linkage Fuel Supply Agreement ("FSA") from South Eastern Coalfields Limited ("SECL") is expected to have a high and positive impact, leading to enhanced operational profitability. With the second 600 MW unit due to enter operations for a substantial part of the current financial year, internal accruals are anticipated that will provide a robust support for the entire power generation portfolio of the Company. Further, interim coal imports from overseas through appropriate collaborative arrangements will provide sufficient fuel for the planned power generation from KSK Mahanadi.

While coal supplies from the Goa Industrial Development Corporation ("GIDC") from the GarePelma coal

block are anticipated to start during the year, initial progress by Gujarat Mineral Development Corporation ("GMDC") of the Morga-II Coal Block has already commenced post the forest clearance accorded during May 2013, the Prospecting License accorded in December 2013 and in depth prospecting activities commenced in May 2014.

The currency impact due to the significant depreciation of the Rupee against the US Dollar has resulted in considerably greater costs on imported capital goods. The additional debt funding for the KSK Mahanadi, to cover the significant USD/INR currency fluctuation on project imports and the extended timelines, has been agreed in principle by the Consortium of Lenders. In this regard, the commitments of the entire consortium are expected to be firmed up on the same lines as the Current Facility Agreements, and are anticipated to be entered into later in the year. In line with the guidance given by the Reserve Bank of India, where the progress of infrastructure projects has been affected by factors beyond the control of the project

developers, an additional two years would be provided for project completion as well as commencement. The lenders consortium has agreed in principle to recognize the same and debt repayment at KSK Mahanadi is now expected to commence in June 2016 on quarterly basis. This deferment provides additional internal accruals over the next two years and the necessary latitude for additional units to commence operations.

Sai Wardha continues to pursue compensation for the calorific value shortfall in the coal supplied during the year, and a prima facie opinion has been expressed by the Competition Commission of India ("CCI") on 22 January 2014 in favour of the Company's submission. A detailed investigation is currently underway by the office of the Director General of Competition Commission of India, and the group is hopeful of being granted the necessary relief in the next few months. In addition efforts on seeking local regulatory intervention on power supplies, enhanced utilisation through appropriate open access arrangements are simultaneously being pursued. Once these are successfully addressed, profitability of Sai Wardha is expected to revert to the previously achieved levels.

The other power projects of the Group viz., 135 MW VS Lignite, 58 MW Sai Regency and 43 MW Sitapuram Power have all shown good performance by achieving high Plant Load Factors.

However, 86 MW Arasmeta Captive continues to record low results both in terms of Plant Load Factor and revenues because of the low offtake by the Captive Consumer. With the new PPA arrangements in place, asset utilisation at Arasmeta is expected to significantly improve and reach the earlier PLF levels over the next few quarters.

Sai Maithili has set up a 10 MW Solar Power Plant in the State of Rajasthan under Jawaharlal Nehru National Solar Mission as part of Groups green energy initiatives. The total gross power generated in the plant during the year was 19 MWh, with an average PLF of 21%.

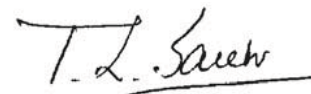
Business Strategy and Outlook:

The high capital intensity and associated debt required in developing and growing the Company's power generation business, coupled with high currency volatility and the current difficult Indian policy environment, will impact the Company's overall funding requirements and financial performance in the near term. Work continues on a number of major initiatives in this regard. The challenge continues within the Indian power sector as a whole to obtain fuel at the right price and open access for the supply of power to customers at sensible PPAs. However, with tapering linkage of coal supplies now secured to cover any potential delays for the Mahanadi plant and with significant long term PPAs signed at higher tariff rates, the Company's growing plant

portfolio and operational experience enables it to be better placed to secure the necessary further funding for its major capital projects, resulting in an improved financial performance over time.

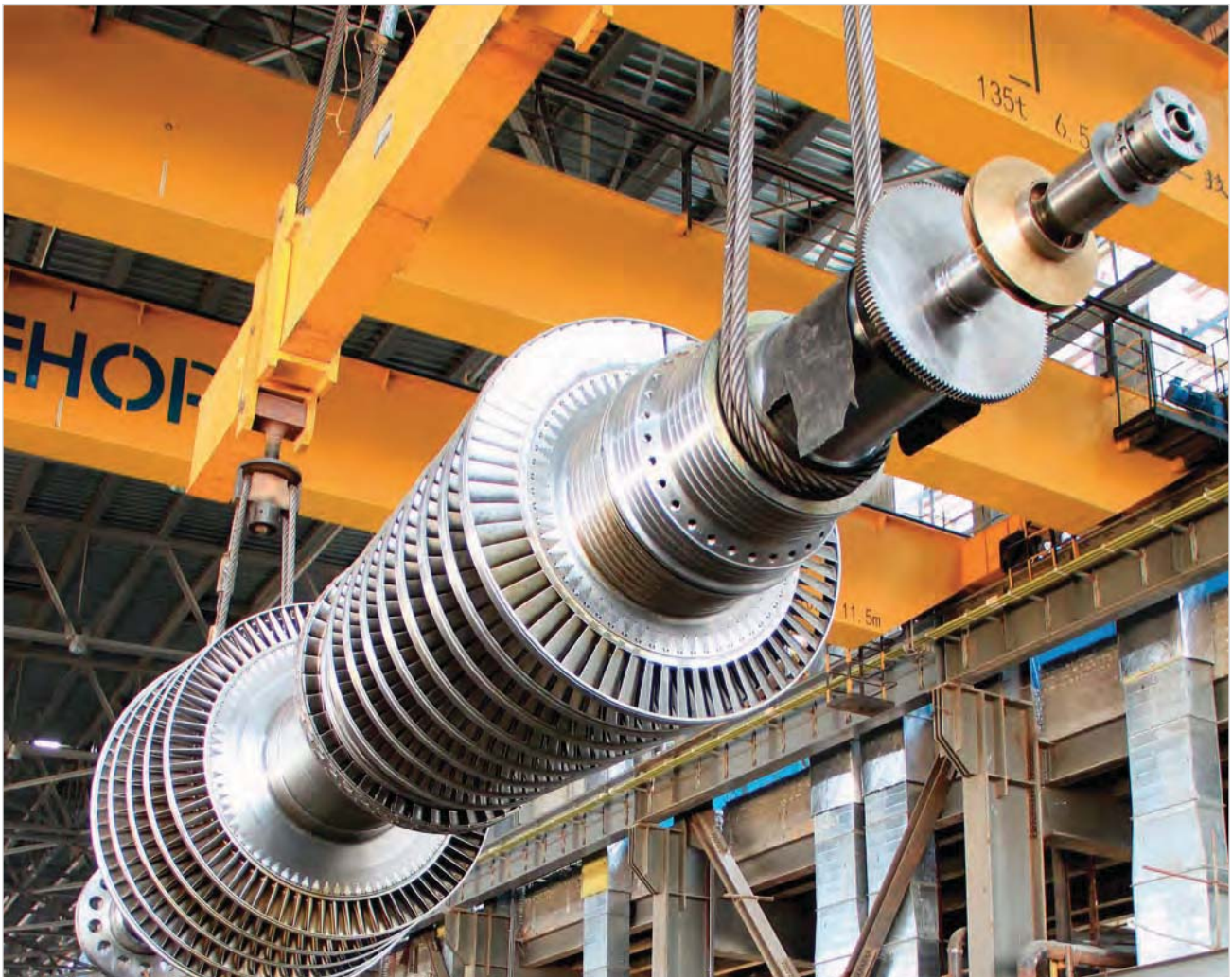
The total Power generating capacities of utilities and non-utilities as on March 31 2014 was 243,028 MW and according to industry experts, the total demand for electricity will be above 950,000 MW by 2030 providing the requisite growth canvas. With the high quality of its asset base, a proven execution capability, an increasingly efficient business structure and with secured fuel supplies to the power plants, the Company is well positioned to address the Indian power generation opportunities.

I also take this opportunity to place on record my sincere thanks to our Shareholders, the Governments, authorities and agencies, Project Lenders and our valued customers, who have supported our Company. I convey my appreciation and thankfulness to my colleagues on the Board for their invaluable contribution in strengthening the Company. I would also like to thank all the employees for their dedicated and committed efforts.



T.L. Sankar

Chairman









Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Energy Sector - Introduction

Power sector in India has made rapid progress both in the Installed Capacity and Transmission and Distribution System. The total Power generating capacities of utilities and non-utilities as on March 31 2014 was 243,028 MW. (Source: Executive Summary: Power Sector - March 2014, CEA, Ministry of Power, Govt. of India). The country has been facing power shortages in spite of the manifold growth over the years. The GoI lays special emphasis on reduction of transmission and distribution losses and demand side management to optimally utilize the limited resources. Concerted efforts are going on to bridge this gap of demand and supply through policy initiatives, private sector participation and development of Ultra Mega Power Projects (UMPPs). The objectives of power sector development include providing sufficient, reliable and inexpensive power. The per capita consumption of energy in India is one of the lowest in the world. For 2010, per capita consumption of electricity was 884 units per year as at 2012. This has been estimated to have moved marginally to 917.2 units by 2013 (Source: Growth of Electricity Sector in India from 1947-2013, CEA, Ministry of Power, Govt. of India, July, 2013)

The state of preparedness of the country for generation of the energy it requires and the quality or efficiency of the technology used in the generation can be well analyzed by the indicators of installed capacity and capacity utilization, respectively. The power sector in India had an installed capacity of 243 Gigawatt (GW) as of March 2014 recording an increase of 7.9% over that of April 2013. Captive power plants generate an additional 39.37 GW. Thermal power plants constitute 69.2% of the installed capacity, hydroelectric about 16.7% and rest being a combination of wind, small hydro-plants, biomass, waste-to-electricity plants and nuclear energy. India generated about 966 BU electricity during 2013-14 fiscal. (Source: Executive Summary: Power Sector - March 2014, CEA, Ministry of Power, Govt. of India) Continued economic development, lifestyle changes and a growing population are increasing the demand for energy in India.

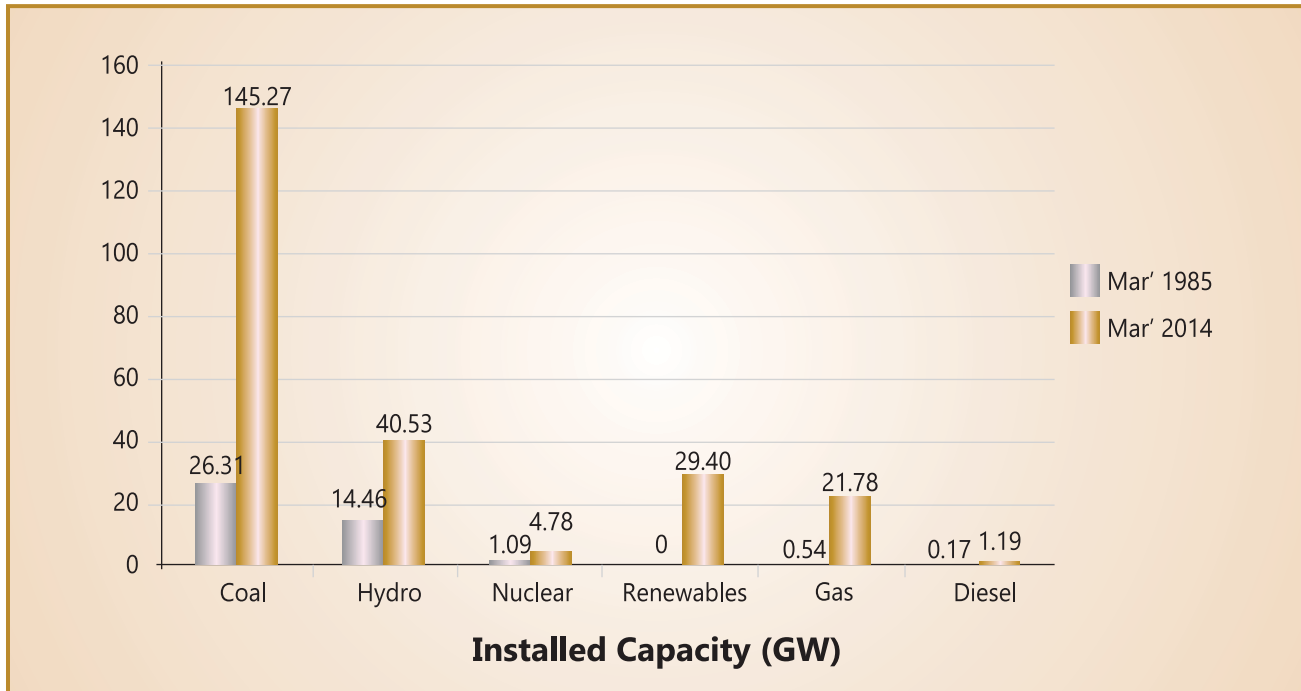
Power shortages have adversely affected the country's economy. Power shortages in India have adversely impacted multiple industries like agriculture, manufacturing, services etc. Improvement of this sector is essential for the economic well-being of the country and enhancement of the quality of life of citizens. The overall slow-down in economy and particularly in infrastructure have led to stagnant electricity demand and decrease in the purchasing power of people, which signifies in a nutshell the critical situation faced by the Indian power sector. Moreover, per capita annual electricity consumption remains significantly low at ~917 kWh for FY 2012-13 and one third of the Indian population remains without access to electricity.

Indian Economy Outlook

The Indian economy continued to deal with persistent challenges of high inflation and low growth during FY 2013-14. The surge in inflation particularly in food prices owing primarily to supply side constraints was one of the biggest challenges faced by the Indian economy during the year which affected common man the most. The GDP growth rate recovered marginally from 4.47% in FY 2012-13 to 4.74% in FY 2013-14 owing to robust growth in financial and business services.

Generation

From 42.59 GW at the end of 6th Five Year plan (1980-85), the country has raised its installed capacity to 243.02 GW as of March 2014, world's fourth largest. The fuel wise break-up of the installed capacity as shown below depicts that coal has continued to maintain its lion's share whereas hydro has lost almost half of its share to renewables and gas sources.



In the first two years of the 12th Five Year Plan (2012-17) 43% of the target has been achieved by adding 38 GW (excluding renewables). While, Central and State sectors could achieve 43% and 74% of their respective targets, Private sector's achievement stands at 151% of its target for FY 2013-14.

Though the total generation in FY 2013-14 at 967 BU has increased by 55 BU over FY 2012-13, the overall Plant Load Factor (PLF) of thermal power plants has plummeted from 67% in FY 2012-13 to 63% in FY 2013-14. The PLF of coal based plants dropped from 70% in FY 2012-13 to 65% in FY 2013-14 and that of gas based plants from 40% in FY 2012-13 to 25% in FY 2013-14 mainly due to domestic fuel shortages.

Transmission

Creation of capacities and deployment of better technology have led to noteworthy development of the transmission segment. The transmission lines and transformation capacity added for the FY 2013-14 was 16748 (ckms) and 57330 MVA respectively. The 12th Plan envisages an addition of about 1,07,440 ckm of transmission lines and 2,70,000 MVA of AC transformer capacity. Out of this 33,855 ckm transmission lines and 1,20,995 MVA of AC transformer capacity were added upto FY 2013-14.

During the year, the Southern Grid was connected to NEWNE Grid through the newly commissioned 765 kV Raichur-Sholapur single circuit transmission line thereby forming 'One Nation-One Grid-One frequency' system and making the Indian power system one of the largest operating synchronous grids in the world. This grid integration will provide relief to the power-starved southern region and will ensure stability, better management and smooth delivery of power to the consumers.

Bottlenecks like delay in environmental & land clearances, RoW issues, disproportionate increase in transmission capacity as compared to generation capacity etc. continue to hamper the segment.

Distribution

Considering the various challenges such as high distribution losses, poor financial health of distribution companies and low billing recovery, the government has introduced a financial re-structuring plan for the SEBs/discoms. Eight States which account for 70-80% of the short-term liabilities are currently in the process of availing the benefit of this programme.

Continued focus on financial viability of the distribution sector is crucial for success of the power sector. Additionally, many of the States, where costs far exceed revenue that can be recovered based on fixed tariffs have adopted the concept of Regulatory Assets. These are recoverable from future tariff increases, which, if delayed, could cause tremendous cash management challenges for the discoms. Hence, there is a need to address the issue of Regulatory Assets through practical solutions. Your Company has taken the initiative of suggesting possible solutions and advocacy on the same is being pursued.

Fuel Availability

Domestic coal production has been stagnant in the last seven years, while demand from coal based generation capacities has continuously risen over these years. Apart from the scaling up of production from Coal India Limited (CIL), there is a distinct need to catalyse the expansion of indigenous coal production capacity.

CIL has been falling short of its production target due to environmental & legal delays in adding new mines, lack of diligent efforts to ramp up existing ones, lack of railway access etc. FY 2013-14 ended with a coal production of 463 million tonnes (MT) against the target of 482 MT.

As a prospering economy, India faces energy security as a growing challenge. The power sector is the largest consumer of coal followed by the iron and steel and cement segments. The overall long-term demand of coal is closely linked to the performance of the end-use sectors. If the country's coal demand has to be met, there is no option but to expedite the development of these blocks which were allotted hoping that the private developers would be in a better position to deal with various issues and bottlenecks and getting faster output of coal. In addition to the captive developers, the public sector coal companies that are contributing more than 90 % of total production also need immediate support in taking measures for increasing coal production from existing and new mines.

OPPORTUNITIES

Your Company is a power project development company in India, with experience in developing and operating multiple power plants across India. Your Company operates in the power generation business and has long-term fuel access to its power plants. Your Company's power projects are in various phases of operation and development, including operational power projects, a power project under construction and power projects in the planning phases.

Your Company currently have (i) six power plants (aggregating 872 MW) and one unit of 600 MW (that is part of our 3,600 MW Mahanadi power plant with an aggregate of six units), that are fully operational and (ii) five remaining units of the 3,600 MW Mahanadi power plant (aggregating 3,000 MW) that are currently under various stages of construction. In addition, certain other thermal, solar and hydro power projects, including outside India, are in various stages of planning.

The opportunities and outlook that exist for your Company are as follows:

- With Power sale arrangements entered during the year under Case-I PPA, the ability to align the new uncertainties and costs thereto are significantly addressed.
- Though untested, the newly announced Case-1 and Case-2 bidding in the context of reasonable compensation for recovery of fuel cost could be a welcome step for the power generation segment, however actual implementation is awaited.



Management Discussion and Analysis

- The Sector provides immense opportunities for several projects through Public Private Partnerships /JVs for capacity creation in generation, transmission and distribution segments.
- With the Southern Grid integrated to the NEW Grid, the power trading market is set to expand and the large price disparity between the southern and the other regions would reduce over the period.
- Capitalize on the Growth of the Indian Power Generation Sector

The power sector in India has historically been characterized by power shortages that have worsened over time. According to the CEA, the gap between power demand and supply for the period from April 2013 to March 2014 across India was 6,103 MW. We believe that our power projects will play a role in the growth of the Indian power sector and contribute in achieving the GoI's vision for the power sector. In addition to the power projects that we are currently operating, constructing or planning, we intend to develop or acquire additional power projects in the future.

- Continue to focus on our Sustainable Business Model

Opening the power generation sector in India to the private sector has increased the involvement of market dynamics in the operation and maintenance of power projects across the country.

- Developer Driven Business Model

We intend to continue to focus on a developer driven business model. We intend to establish power projects with cost-efficient, sustainable, long-term sources of fuel. In addition, we intend to continue to invest in the captive power projects of our consumers by setting up dedicated power projects matching, as much as possible, their power requirements.

- Secure Fuel Access

Having a dedicated, cost-efficient and established fuel supply arrangement for a power plant is fundamental to its success. Our strategy has been to establish dedicated fuel supply arrangements prior to setting up a power plant and continue to develop such arrangements during the operation of the plant. We try to ensure that we have adequate supplies of cost-efficient fuel through captive fuel sources, long-term contracts with private parties or with state mineral development corporations to meet our power projects' needs.

OUTLOOK

Your Company's management is focused on moving the various supply chain solutions forward with respect to operational assets and addressing the on-ground situations to co-ordinate planned generation with fuel supplies for the assets under construction. With the underlying assets, associated performance and opportunities, your Company is well positioned to be one of the more stable, valuable and sustainable players in the Indian power generation landscape and view the future with confidence. Your Company's bold growth initiative in these challenging times demonstrates its growth and profitability potential in this key area of the Indian economy upon completion.

Further, with a new federal government in place, there is renewed hope in the power industry in India and the expectation that the government would take the definitive steps to resolve longstanding issues confronting the power generation business and competitive thermal energy is expected to maintain its position as the backbone of the Indian power sector.

PRINCIPAL RISKS AND UNCERTAINTIES

The last two years were challenging and exciting for the power sector and the Company, as well. Nevertheless this year has also witnessed the result of undeterred and sincere efforts of the Company which led to resolution of few of the long pending

issues like obtaining environment related clearances for coal mines, execution of Fuel Supply Agreement for linkage coal and PPAs with respect to the 3600 MW Power project in Chhattisgarh.

Below listed are the principal risks and uncertainties faced by the Company:

A. UNCERTAINTIES IN REGULATORY POLICY

Central and State governments have set out broad defined policy objectives and regulatory framework for the sector. But due to non-coherent approach of the various regulatory and government agencies in according required approvals/ clearances and adhoc policy revision has impacted the execution and operation of the project.

Mitigation

- Policy paralysis and government indecision to be countered with patient capital and innovative solutions while adhering to highest standards of transparency and integrity.
- Address contradictions through consultative process failing which enforcement of legal remedies for decisive positions.
- Healthy engagement with government and local regulators to identify potential hazards upfront and develop an action plan.

B. UNCERTAINTIES IN AVAILABILITY OF FUEL

The Group has secured fuel arrangements for all its operational as well under construction power projects. The fuel arrangements with Government agencies are valid for certain period and extended further for next term subject to renewal of the agreement. Though it is normal practice followed by CIL/ GAIL and the agreements for usually extended for next term, but there is no such guarantee for the extension of the fuel supply agreements. There is a risk that CIL may decline the extension, change the annual supply quantity and quality and/ or increase the fuel price.

Mitigation

- PPAs with fuel cost pass through arrangement
- Arrangement with multiple suppliers and reducing dependability on single fuel supplier
- Close hands on co-ordination between various Ministries and agencies of Government and addressing the same.

C. PPA related - Customer Concentration

The Company is dependent on a small number of customers to supply its output and derive its revenue and profitability.

Mitigation

- Attempt to capture appropriate language remedies for PPA administration and continuous customer interactions for mutual problem addressal
- Seek performance securities and regulatory directions for enforcement of contractual obligations



D. Non - Availability of Support Infrastructure

The continuous and efficient operation of Power Projects also depends on the support infrastructure facilities, in addition to power plant block. The support infrastructure facilities like water supply system, rail logistic system for coal transport etc, not limited to the power plant boundary, but are imperative for the operation of power plant.

Mitigation

- Close monitoring of these facilities
- Highly skilled and specialised manpower dedicated for these facilities
- Additional water reservoir and coal stockyard inside the power plant area, so that any sudden breakdown of support facilities shall not affect the operation of the power plant

E. Currency Fluctuations

During the financial year 2013-14, Indian Rupee depreciated by 10.6% against US dollar and in financial year 2012-13, by 7.5%. Though the recent economic and political developments in the country indicate the improvement in exchange rate, there is no such guarantee and Indian currency may further depreciate.

Mitigation

- Appropriate currency hedging instruments.

F. Cost & Time overrun of Projects under construction

The Group is in active implementation of 3600 MW coal based Power plant in Chhattisgarh. The commissioning of the project has been delayed due to several exogenous factors such as extended monsoons, local issues, delay in permits and clearances from government agencies. The timely execution of the project is also dependent on the fulfilment of contractual obligations of EPC contractors.

The project cost may increase due to delay in commissioning of the Project. In addition to above factors, the depreciation of Indian Rupee against foreign currencies may also add to the cost overrun.

Mitigation

- Close monitoring of the project teams through Project Management Group and active contractor engagement to address issues
- Risk of over runs mitigated through turnkey EPC contracts of lumpsum Turnkey basis for the major part of the project scope
- Key concerns addressed through periodic review meetings of top management teams at site and head offices

G. Socio- Economic- Political uncertainties

The Group operates multiple power projects in various locations, each with its own set of circumstances, challenges, cultures and local activism levels. Any adverse monetary and fiscal changes may result in higher operating and financial cost and put strain on the cash flows of the projects. Any change of Government in Centre and respective States may raise the risk of ad-hoc changes in policies, the basic premises on which Projects were envisaged.

Mitigation

- The Company management emphasis on active stake holder engagement, corporate social responsibility initiatives and continual consultation and engagement programs
- Working with local communities, leaders for review of challenges and solutions to address the same
- Close hands on co-ordination between various Ministries and agencies of Government and addressing the same.
- Close monitoring of the various incentive regimes and ensuring timely adherence to specifications / norms where timelines are of essence

Below listed are the principal risks and uncertainties faced by the Sector as a whole:

- Domestic fuel shortages including lack of clarity on availability of domestic fuel especially gas is impacting the power sector adversely.
- Even as the government pushes ahead with raising the fuel price, Discoms, which are already suffering from abysmal health, would be recovering lesser than the costs, unless adequate tariff hikes are provided. This will impact adversely the strengthening and augmenting of distribution networks resulting into high technical losses, unplanned extensions of distribution lines, overloading of the system elements and lack of adequate reactive power support.
- With the introduction of new land acquisition law, land acquisition for new projects is estimated to take much more time and the higher compensation for land would increase the project cost. This is only likely to add to the woes of power project developers already struggling with delays in multiple clearances with respect to environment, forest, water linkage, rights of ways (RoW) etc., eventually leading to increased pre-development cycle and cost escalation.
- Unsustainable cross subsidy levels is one of the major issues faced by Distribution companies and its elimination is the key to entail cost-reflective tariffs. The open access regime has further constrained the ability to reduce the cross-subsidies.
- Banks, apart from limiting their exposure, are extremely cautious in lending to the ailing power sector which may further constrain the sector's growth.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system, which provides protection to all its assets against loss from unauthorized use and for correct recording and reporting of transactions. The internal control systems are further supplemented by internal audit carried out by an independent firm of Chartered Accountants and periodical review by the management. The Audit Committee of the Board addresses issues raised by both the Internal Auditors and Statutory Auditors.

The internal control systems are implemented

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



OPERATIONAL PERFORMANCE

During the year under review and until date the aggregate installed capacity stands at 1472 MW. The operational performance for the financial year 2013-14 of each of the operational power plants is provided as under:

	31 March 2014	
	MWh	PLF
KSK Mahanadi (First 600 MW)	1,088 MWh	62%
Sai Wardha (540 MW)	2,586 MWh	55%
VS Lignite (135 MW)	902 MWh	76%
Sai Regency (58 MW)	445 MWh	88%
Arasmeta Captive Power (86 MW)	341 MWh	45%
Sitapuram Power (43 MW)	342 MWh	91%
Sai Regency Wind Project (19 MW)	33 MWh	20%
Sai Maithili Solar Project (10 MW)	19 MWh	21%

KSK Mahanadi Power Company Limited

The construction activity at KSK Mahanadi, a large, single location, greenfield private power plant continues, with significant achievements during the year under review, and the period up to this date. The first 600 MW unit has commenced supplies under the PPA's and the second 600 MW unit is expected to achieve synchronization shortly. Phased construction of the remaining four 600 MW units is expected. Major part of the civil works, construction and common operation infrastructure at site are complete. Water pipeline infrastructure to meet the water requirements of the entire power plant is commissioned. Switch yard and transformer yard commissioned, with back charging of 400kV switchyard and transmission system enabling connectivity for evacuation of power generated into the national grid. Required rail infrastructure to enable transportation of coal to the power plant is complete.

With stabilised generation from the first 600 MW unit, and the progress being made with the second 600 MW unit, the Company's management continues to focus its efforts on expediting the construction of the remaining four units.

Sai Wardha Power Limited (formerly Wardha Power Company Limited)

Sai Wardha is a 4X135MW (540MW) coal based power plant located at Warora Growth Centre, Chandrapur District in Maharashtra. The total gross power generated in the plant during the review period was 2,586 MWh with an average Plant Load Factor (PLF) of 55%. This reflected the challenging local operating environment, the fuel and the open access grid constraints experienced by Sai Wardha.

While, Sai Wardha is pursuing power sale arrangements to commence supplies for part of the capacity that was earlier being supplied to R-infra, the additional capacity that was earmarked to be supplied to captive industrial consumers also experienced limitations on open access from the local grid, in spite of long term PPA commitments from various industries. Sai Wardha continues to make all efforts to pursue the coal price reduction and the granting of the necessary open access permissions, which will ultimately lead to the enhanced utilisation and profitability of the Sai Wardha plant.

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 total gross power generated in the plant during the year was 902 MWh, with an average PLF of 76%. The Company is continuing its efforts to secure necessary long term Power Purchase Arrangements from the local grid as well as appropriate legal reliefs with respect to tariffs from industrial customers.

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 generation with a capacity of 18.90 MW located in Tirunelveli District of Tamil Nadu. The total gross power generated in the combined cycle gas fired power plant during the year was 445 MWh, with an average PLF of 88%. The wind capacity of 19 MW has been disposed subsequent to the year end at an attractive realization post the tax gains.

Arasmeta Captive Power Company Limited

Arasmeta is a coal based power plant located at Gopal Nagar Village of Janjgir-Champa District in Chhattisgarh. The total gross power generated in the plant during the year was 341 MWh, with an average PLF of 45%, primarily due to the limited off-take by Lafarge India. With the new PPA arrangements in place, asset utilisation is expected to significantly improve and reach the earlier 80%+ PLF levels over the next few quarters.

Sitapuram Power Limited

Sitapuram is a 43 MW coal based power plant situated at Dondapadu village of Nalgonda District in Telangana. The power generated is supplied to M/s. Zuari Cement Limited, a captive consumer having cement plants in Dondapadu in Telangana and Yerraguntla in Andhra Pradesh and the balance of power sold to other customers under open access. The total gross power generated in the plant during the year was 342 MWh, with an average PLF of 91%.

Sai Maithili Power Company Private Limited

Sai Maithili has set up a 10 MW Solar Power Plant in the State of Rajasthan under Jawaharlal Nehru National Solar Mission as part of Groups green energy initiatives. The total gross power generated in the plant during the year was 19 MWh, with an average PLF of 21%.

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, the provisions of the Companies Act, 2013 (to the extent notified) and guidelines issued by Securities and Exchange Board of India.

Revenues

Sales and operating income

(Rs.in million)

Particulars	Fiscal 2014	% of total revenue	Fiscal 2013	% of total revenue
Sales and operating income	21,118.01	94	22,070.20	96
Other income	1,365.52	6	1,006.96	4
Total	22,483.53	100	23,077.16	100

» Management Discussion and Analysis

The total sales and operating income have decreased by 4% from Rs. 22,070.20 million for the fiscal year 2013 to Rs. 21,118.01 million for the fiscal year 2014. The breakdown of the sales and operating income was as follows:

(Rs.in million)

Particulars	Fiscal 2014	% of total revenue	Fiscal 2013	% of total revenue
Income from sale of energy	20,993.40	99.41	21,910.62	99.28
Project development fee	67.46	0.32	123.75	0.56
Corporate support services	46.69	0.22	2.19	0.01
Other operating income	10.46	0.05	33.64	0.15
Total	21,118.01	100	22,070.20	100

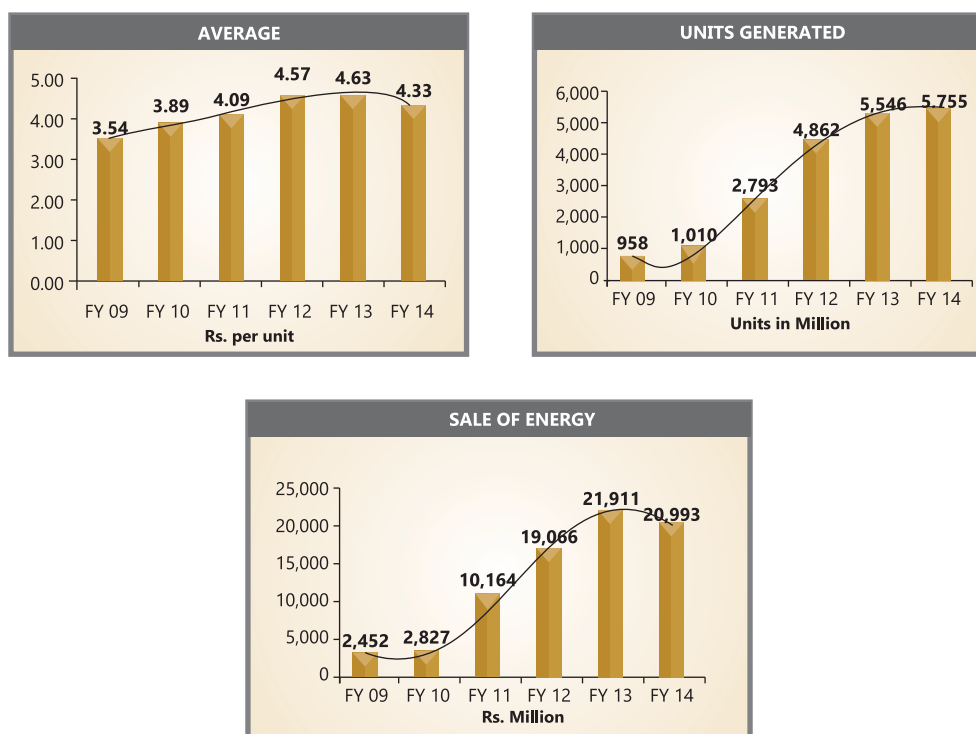
Income from sale of energy

Income from sale of energy is primarily from our Subsidiaries. The income from sale of energy in fiscal 2014 reported 4% negative growth over the fiscal 2013. The decrease in income from sale of energy was primarily on account of a decrease in sales in the Sai Wardha power plant. However, decrease in sales in Sai Wardha power plant has been offset to a certain extent on account of commencement of commercial operations of the first 600 MW unit of the KSK Mahanadi power project.

The overall units of power generated, number of units sold and average realisation has been demonstrated in the table below:

Particulars	Fiscal 2014	Fiscal 2013
Units generated (units in million)	5,755	5,546
Sale of energy (Rs. in million)	20,993.40	21,910.62
Average realization (per unit)	4.33	4.63

Overall Units generated, average realisation and sale of energy trend has been demonstrated in the graph below:



Income from project development services

Decrease in our income from project development services from Rs. 123.75 million during fiscal 2013 to Rs. 67.46 million during fiscal 2014 reflects the maturity of our assets portfolio from under construction assets to operational assets.

Other income

Our income from other sources increased to Rs. 1,365.52 million for the fiscal year 2014 as compared to Rs. 1,006.96 million for the fiscal year 2013 as outlined below:

(Rs. in million)

Particulars	Fiscal 2014	Fiscal 2013
Interest Income	966.79	980.73
Dividend Income	0.90	1.28
Insurance claim received	353.49	-
Miscellaneous income	44.34	24.95
Total	1,365.52	1,006.96

Increase in income from other sources was primarily on account of payments received in fiscal year 2014 against insurance claims made in two of our Subsidiaries. However, increase in income from other sources has been offset to a certain extent due to decrease in interest income on surplus funds parked in deposit and advances.

Expenditure

Generation and operating expenses

(Rs. in million)

Particulars	Fiscal 2014	Fiscal 2013
Consumption of fuel	11,978.78	10,695.64
Other manufacturing expenses	1,522.50	1,314.50
Total	13,501.28	12,010.14

The total generation and operating expenses indicated an increase of 12% from Rs. 12,010.14 million in fiscal 2013 to Rs. 13,501.28 million in fiscal 2014.

Employee benefit expenses and other expenses

(Rs. in million)

Particulars	Fiscal 2014	Fiscal 2013
Employee benefit expenses	463.42	431.65
Other expenses	1,781.52	1,444.46
Total	2,244.94	1,876.11

The employee benefit expenses and other expenses have registered an increase of 20% from Rs. 1,876.11 million in fiscal 2013 to Rs. 2,244.94 million in fiscal 2014. The increase is mainly on account of increase in open access charges incurred in connection with the sale of power to captive customers in the Sai Wardha power plant, increase administrative costs associated with the commencement of commercial operation of the KSK Mahanadi power plant's first unit and foreign exchange losses.



Finance costs

(Rs. in million)

Particulars	Fiscal 2014	Fiscal 2013
Gross finance costs	18,186.13	14,679.81
Less : Capitalized to fixed assets	10,970.01	8,662.14
Net Finance costs	7,216.12	6,017.67

The gross finance costs increased to Rs. 18,186.13 million in fiscal 2014 from Rs. 14,679.81 million in fiscal 2013 reflecting a 24% increase year on year. During the fiscal 2014, the Group had mobilized additional average borrowing of Rs. 17,863.42 million to finance its capital expenditure and working capital requirements resulting in increased finance costs of Rs. 3,506.32 million. However, after capitalizing for the constructions units as applicable, the net increase in finance costs as reflected above is Rs. 1,198.45 million.

Depreciation and amortization expenses

Depreciation and amortization expenses had increased from Rs. 2,264.68 million in fiscal 2013 to Rs. 2,929.73 million in fiscal 2014 mainly on account of commencement of commercial operation of the KSK Mahanadi power plant's first unit.

Taxes

The Group made effective use of various tax benefits available in India, including certain special benefits for companies in the power sector and such benefits have resulted in lower effective tax rate in some of our operating Subsidiaries. The tax provided on a consolidated basis amounted to Rs. (1,527.61) million (including MAT credit of Rs. (101.02) million for fiscal 2014 as against Rs. (764.96) million (including MAT credit of Rs. (140.46) million for fiscal 2013). The increase in tax income is mainly on account of carry forward of losses in the Sai Wardha power plant, VS Lignite power plant and the KSK Mahanadi power plant.

Earnings / (loss) per Share

The Earnings / (Loss) per share for fiscal 2014 stood at Rs. (4.62), which showed a decrease over the previous year. This significant decrease is due to lower performance of our operational plants and the Sai Wardha power plant in particular.

Segmental analysis

The Group is currently engaged in two business segments, namely, power generation and power development. Net revenues from its power generation segment have decreased from Rs. 21,944.26 million in fiscal 2013 to Rs. 21,003.86 million in fiscal 2014. Net revenues from its project development segment have decreased from Rs. 125.94 million in fiscal 2013 to Rs. 114.15 million in fiscal 2014. The power generation segment contributed 99% revenue of the Group's total revenue in both Fiscal Years 2014 and 2013.

Financial position and cash flows

The capital employed of the Group was Rs. 190,126 million as at March 31, 2014 and increased by Rs. 15,431 million as compared to March 31, 2013. The Group incurred Rs. 21,758 million towards capital expenditure during fiscal 2014. The major expenditure was incurred on continuous construction and development activities at our 6 x 600 MW Mahanadi power plant.

The loan portfolio of the Group comprises a combination of domestic and foreign currency loans. The aggregate outstanding indebtedness as at March 31, 2014 stood at Rs. 151,345 million and increased by Rs. 15,585 million compared to fiscal 2013. The increase is mainly on account of disbursement of term loans and foreign currency loans in the KSK Mahanadi power plant for ongoing construction activities and working capital requirements across other projects. Apart from these, during fiscal year 2014, the Sai Wardha power plant also refinanced its existing borrowing with External Commercial Borrowing.

Net customer receivables increase is mainly attributable to regular trade debtors coupled with withholdings of monies by certain off takers citing billing disputes or entitlement to withhold and necessary legal remedies are being pursued for realization of such receivables.

Cash accruals from operations were lower in fiscal 2014 by Rs. 3,638 million as compared to fiscal 2013 mainly due to lower asset utilization at Sai Wardha power plant. Proceeds from sale of short term investments, sale of surplus lands, dividend and interest income aided cash generation during the year fiscal 2014. Apart from deployment of cash for capital expenditure, the Group repaid some of its long term loans amounting to Rs. 31,880 million and availed fresh disbursement of borrowings amounting to Rs. 42,317 million. Consequently, there was net cash inflow of Rs. 289 million for the fiscal 2014.

HUMAN RESOURCES

The Human Resource Department in the organization acts as a strategic partner for realizing the mission and vision of the organization. It functions with the objective of developing the Human Resource, who ultimately unleashes the Company Philosophy "Power from Knowledge".

HR Processes and Practices are strengthened with a view to create a system & culture which will enable people to unleash their potential and grow within the organization and at the same time along with the organization and ensure Talent Retention and Development.

The capability development is given priority to make the organization more agile and make it competitive globally. The frame work is being done for developing employees at all levels and to make them future ready for higher roles and responsibility.

Total manpower of the group at the end of the financial year is 1274.

SUSTAINABILITY INITIATIVES

Sustainability initiatives continue to be essential ingredient of KSK's Business policy and the Group embraces this responsibility that comes along with the opportunity of operating across various locations in multiple Indian States. 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..." as part of 'giving back to society' to support and initiate projects that provide sustainable solutions to the most pressing social challenges for the affected communities.

Further, the Group support to various social infrastructure facilities in the immediate vicinity of the Hospital is expected to enable sustained community involvement and utilization of the asset by local stakeholders and provide the much required monetary and non-monetary impetus to the hospital Facilities.

The Group's effort in tertiary healthcare with cardiac facility at Raipur, where services are offered free of charge to all stakeholders, has experienced certain milestones during the year and subsequent period thereof as summarised below:

- Over 3,400+ Outpatient Cardiac consultations with 400+ state of art cardiac surgeries performed free of cost
- Divine Child Health Programme initiated in September 2013 for screening of children for over 29 conditions that could eventually lead to Cardiac interventions

Department of Paediatric Heart Care initiated with Foetal cardiology services initiated in June 2014.

The group's sustainability initiatives towards community are essentially focused on five thrust areas; Education, Health, Socio-economic empowerment, infrastructure development and cultural and social contribution.



Management Discussion and Analysis

1. Promoting Quality Education:

- Providing merit scholarships to school students, Fee reimbursement to students to pursue higher education courses like Engineering and Polytechnic, Medical & Management course and ITI scholarships.
- Equipment support such as school uniforms, schools bags, stationary & sports material, provision of sports kits and financial assistance for construction of School Building.

2. Building Healthier Communities:

- Through mobile clinic, 186 camps have been organized thereby reaching out to more than 8000 patients in KSK Mahanadi project area.
- Over 3000 persons have been benefitted through our clinic facility at Sai Wardha Project Site.
- Provided Emergency Ambulance Services to over 400 users.

3. Facilitating Socio-Economic Empowerment:

- Support for Pond Deepening work at Mankadal Pond, Nawagarh, Upkanala of Nawapara
- Distribution of Vegetable Seeds and financial support to families under Income Generation Activity.
- Provided drinking water facilities to nearly 2000 families through water tanker or by deepening the ponds and through digging bore wells.

4. Developing Infrastructure:

- Improved rural connectivity by laying Outer Peripheral approach roads.
- Stone Dust filling over damaged streets & roads and drainage line for water recharging of local ponds
- Construction of multiple RCC over-head Tanks (100 KL Capacity) adjoin KSK Mahanadi site
- Installation of High mast Lights

5. Fostering Culture and Social contribution:

- Supported District Administration for organizing Tricycle distribution camp and celebrating Armed Forces Flag Day.
- Sponsorship of Republic day celebrations & International Camel festival and local cricketing events.

Moving forward, the Group intends to follow the new statutory stipulations as applicable in addition to marshalling additional resources for dedicated pursuit of these various initiatives, the Group intends to learn from the experiences of various other specialist agencies in the areas of community development and support to undertake initiatives that contribute to build a better and environmentally sustainable way of life for all stake-holders including consumers, shareholders, employees, local community and society at large to contribute to the sustainability of those communities.

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 permissions, significant changes in political and regulatory environment in India, tax laws litigation, labour relations and interest costs amongst others.

» Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

KSK is committed to maintaining high standards of corporate governance. Corporate governance is a synonym for sound management, transparency and disclosure practices that are synchronous with nature and size of business. 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.

The governance structure exhibits the Group's ability to deliver a diversified business, deliver operational performance and simplify the operating model.

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:

BOARD OF DIRECTORS

Composition and Category of Directors

As on March 31, 2014, 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 is 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 Annual General 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.

Details 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 31.03.2014*	No. of other Committee positions held as on 31.03.2014#	
		Chairman	Member
Mr. T. L. Sankar, Chairman / Independent Director	2	1	-
Mr. S. R. Iyer, Independent Director	10	5	1
Mr. Girish N Kulkarni, Independent Director	11	1	2
Mr. Anil Kumar Kutty, Non-Executive Director	3	-	2
Mr. Tanmay Das, Non-Executive Director	20	-	-
Mr. K. Bapi Raju, Non-Executive Director	9	-	1
Mr. K.A. Sastry, Whole-time Director / Promoter Director	17	3	4
Mr. S. Kishore, Whole-time Director / Promoter Director	17	2	4

* Excludes Directorships in foreign companies and Section 25 Companies.



in accordance with Clause 49 of the listing Agreement, Chairmanship / Membership of only Audit & Stakeholders Grievance Committee in all public limited companies (excluding KSK Energy Ventures Limited) has been considered.

Board Meetings and Procedures

The Board of KSK Energy Ventures Limited met four times during the financial year under review on the following dates: 28 May 2013, 10 August 2013, 9 November 2013 and 10 February 2014. In case of Business exigencies, resolutions are passed by circulation.

All required information including but not limited to those mentioned in Annexure I A to Clause 49 of the Listing Agreement are placed before the Board of Directors. Presentations on the financial and operational performance are made to the Board by the members of the Senior Management team. Information and data that are more important to the Board's understanding of the business in general and related matters are tabled for discussion.

The Board functions in a democratic manner and the members are at liberty to discuss any issue related to the business in general.

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).

Details of Directors attendance at Board Meetings and at the last Annual General Meeting held on 21.09.2013 are given in the following table:

Name of the Director	No. of Board Meetings attended during the year	Attendance at the Annual General Meeting
Mr. T. L. Sankar	4	Yes
Mr. S. R. Iyer	3	Yes
Mr. Girish N Kulkarni	2	No
Mr. Anil Kumar Kutty	4	Yes
Mr. Tanmay Das	4	Yes
Mr. K. Bapi Raju	2	Yes
Mr. K.A. Sastry	4	No
Mr. S. Kishore	4	Yes

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.

In addition to the functional Committees, your Board has constituted the following mandatory committees.

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.

Apart from the matters provided in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 177(4) of the Companies Act, 2013, the Committee reviews Internal Audit Report and the report of statutory auditors. The Committee also discusses with the Internal and Statutory Auditors their scope of audit, adequacy of internal control systems, findings and observations / suggestions.

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: 28 May 2013, 10 August 2013, 9 November, 2013 & 10 February 2014.

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

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.

NOMINATION AND REMUNERATION COMMITTEE

Composition:

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

Terms of reference:

The Remuneration Committee was re-designated as 'Nomination and Remuneration Committee' by the Board on May 24, 2014 in line with the requirements of provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Nomination and 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, criteria for evaluation of Independent Directors and the Board, devise a policy on Board diversity, identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.



Attendance during the year:

The remuneration committee has met once during the year on 10 February 2014.

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 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 March 31, 2014:

(Amount in Rs.)					
Name of the Director	Sitting Fees	Salary	Perquisites	Commission	Total
Mr. T. L. Sankar	1,60,000	-	-	-	1,60,000
Mr. S. R. Iyer	1,20,000	-	-	-	1,20,000
Mr. Girish N Kulkarni	80,000	-	-	-	80,000
Mr. Anil Kumar Kutty	-	-	-	-	-
Mr. Tanmay Das	-	-	-	-	-
Mr. K. Bapi Raju	-	-	-	-	-
Mr. K.A. Sastry	-	7,500,000	-	-	7,500,000
Mr. S. Kishore	-	7,500,000	-	-	7,500,000

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Investors Grievance Committee was re-designated as 'Stakeholders Relationship Committee' by the Board on May 24, 2014 in line with the requirements of provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement and is empowered to perform all the functions of the Board in relation to handling of Shareholder's Grievances. It primarily focuses on:

- To redress the grievances of shareholders, debenture holders and other security holders
- To resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of annual reports, non-receipt of declared dividends.
- To approve issue of the Company's duplicate share / debenture certificates
- To review the performance of the Company's Registrars and Transfer Agents

- To carry out such other functions as may be referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable

The Stakeholders Relationship 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 28 May 2013, 10 August 2013, 9 November 2013 & 10 February 2014.

The Company Secretary, Mr. M.S. Phani Sekhar has been designated as Compliance Officer of the Company in compliance with the Listing Agreement with the Stock Exchanges.

Composition of the Stakeholders Relationship Committee (earlier Investors Grievance Committee) as on 31 March, 2014 and attendance record during the year 2013-14 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 status of investor complaints received during the year is as follows:

Description	Received	Resolved	Pending
Non receipt of Annual Report	1	1	Nil
TOTAL	1	1	Nil

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per the Section 135 of the Companies Act, 2013, every company having net worth of Rs. 500 crore or more or turnover of Rs. 1000 crore or more or a net profit of Rs.5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Accordingly, the Corporate Social Responsibility (CSR) Committee was constituted by the Board on May 24, 2014. The Committee's responsibility is to assist the Board in undertaking CSR activities by way of formulating and monitoring CSR Policy of the company.

Composition of the Committee

Name	Category	Designation
Mr. T.L. Sankar	Independent Director	Chairman
Mr. Anil Kumar Kutty	Non-Executive Director	Member
Mr. Tanmay Das	Non-Executive Director	Member



Report on Corporate Governance

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

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company;
- (b) Recommend the amount of expenditure to be incurred on CSR activities and
- (c) Monitor the implementation of Corporate Social Responsibility Policy of the Company from time to time.

CEO and CFO Certification

The CEO and CFO of the Company have certified to the Board in relation to reviewing financial statements and other information as mentioned in Para V of clause 49 of the listing agreement and the required certificate is appended.

GENERAL BODY MEETINGS

Details of the Annual General Meetings (AGMs) held during the preceding 3 years and Special Resolutions passed thereat are given below:

Financial Year	Date and time of AGM	Location	Details of Special Resolutions 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	01 September 2012 11.00 AM	NIFT Auditorium, National Institute of Fashion Technology, Opp. Hi-tech City, Madhapur, Cyberabad, Hyderabad - 500 081	No Special Resolution was passed
2012-13	21 September 2013 11.00 AM	Bhaskara Auditorium, B M Birla Marg, Adarsh Nagar, Hyderabad - 500 063	No Special Resolution was passed

Postal Ballot

No resolution was passed through Postal Ballot during the financial year 2013-14.

DISCLOSURES:

- There were no materially significant related party transactions that may have potential conflict with the interests of the Company at large. The details of related party transactions are disclosed in Note 24 to the Accounts in the Annual Report.
- 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.
- The Company has complied with all the mandatory requirements of the code of corporate governance as stipulated in clause 49 of the listing agreement with the stock exchanges. Certificate from Mr. S. Kishore, Whole-time Director and Mr. V.

Sambasiva Rao, Head - Accounts and Statutory Auditor confirming compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement are annexed.

The Company has adopted the non-mandatory requirements regarding constitution of remuneration committee.

MEANS OF COMMUNICATION

Financial Results: The quarterly and half yearly 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.

Website: The Company's website www.ksk.co.in contains a separate dedicated section 'Investor relations' where shareholders' information is available. Comprehensive information about the Company, its business and operations, press releases and presentation to Investors can also be viewed. Annual Report is also available in a user-friendly and downloadable form.

NSE Electronic Application Processing System (NEAPS) and BSE online Portal: The Company also submits to NSE, all disclosures and communications through NSE's NEAPS portal. Similar filings are made to BSE on their Online Portal - BSE Corporate Compliance & Listing Centre.

SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned Companies and online viewing by investors of actions taken on the complaint and its current status.

Designated exclusive email-id: The Company has designated the following email id exclusively for investors servicing: investors@ksk.co.in

GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting

Day, Date and time: Saturday, 27 September 2014 at 11A.M

Venue: Plot No.694, Road No.33, Jubilee Hills, Hyderabad - 500 033.

(b) Financial Year : April 1 to March 31

(c) Book Closure date:

Saturday, 20 September 2014 to Saturday 27 September 2014 (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 2014-15 has been paid to all the Stock Exchanges where the Company's shares are listed.

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

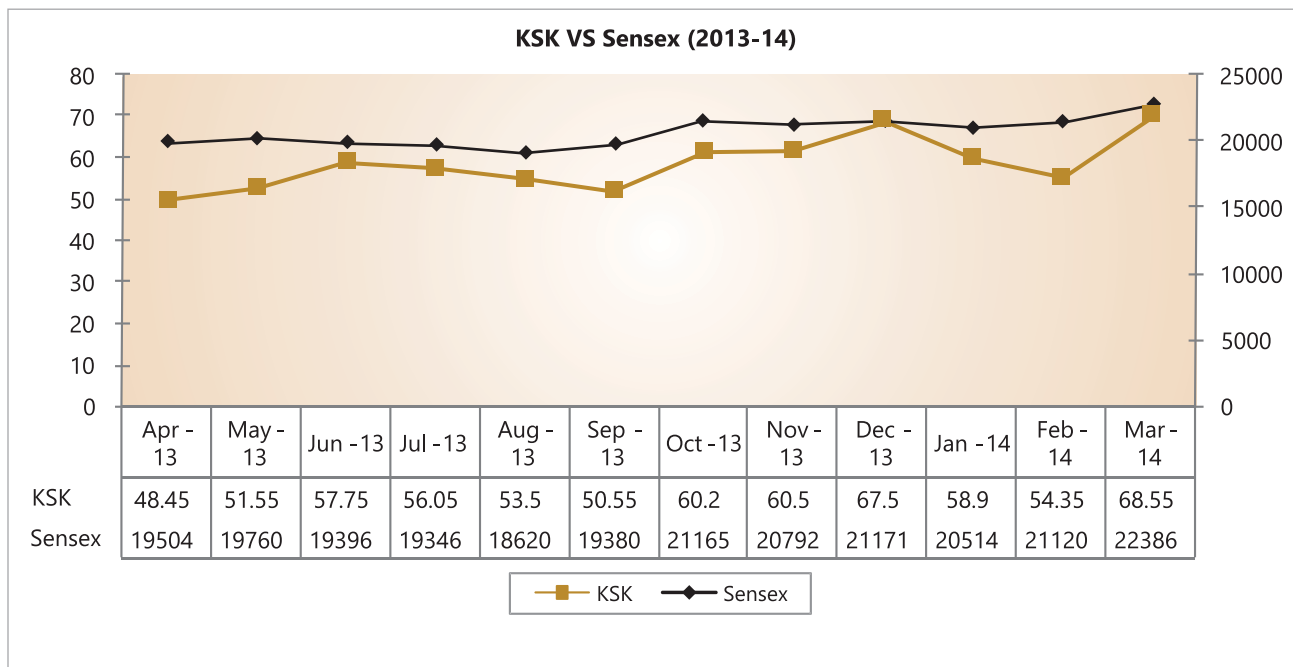


(e) Market Information:

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

MONTH	NSE			BSE		
	High	Low	Volume	High	Low	Volume
April, 2013	50.85	43.00	169485	50.70	43.00	68482
May, 2013	57.95	47.10	365334	58.00	47.25	181330
June, 2013	61.00	50.10	591891	63.50	50.10	2648834
July, 2013	60.00	51.10	1792922	59.40	51.15	1555746
August, 2013	57.70	49.80	166905	57.50	50.00	91153
September, 2013	55.95	50.20	225062	54.95	50.45	36057
October, 2013	68.40	50.45	913163	68.00	50.15	10028682
November, 2013	66.00	57.75	390464	65.45	58.55	114447
December, 2013	69.95	60.10	447965	69.80	61.00	1195077
January, 2014	80.00	58.10	10901678	80.05	58.30	6225820
February, 2014	61.90	53.25	512214	62.00	53.65	253928
March, 2014	69.75	53.60	3421637	69.75	53.80	955002

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



(f) 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.

(g) Distribution of Shareholding**(i) Distribution of Shares as on 31 March, 2014**

Distribution Schedule - Consolidated as on 31/03/2014					
Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	12974	91.30	1361088	13610880	0.40
5001- 10000	570	4.01	458233	4582330	0.12
10001- 20000	317	2.23	484568	4845680	0.13
20001- 30000	112	0.78	286501	2865010	0.07
30001- 40000	48	0.34	174670	1746700	0.04
40001- 50000	27	0.18	126688	1266880	0.03
50001- 100000	64	0.45	473284	4732840	0.12
100001& Above	101	0.71	369265422	3692654220	99.09
TOTAL	14213	100.00	372630454	3726304540	100.00

(ii) Shareholding Pattern as on 31 March, 2014

Category	No of Shares	%
A. Promoters Holding		
Promoters	279232677	74.94
Sub -Total: A	279232677	74.94
B. Public Shareholding		
Mutual Funds /UTI	12135112	3.25
Financial Institutions /Banks	11956481	3.20
Foreign Institutional Investors	18663657	5.00
Bodies Corporate	20114307	5.40
Non Resident Indians	127301	0.03
Foreign Bodies	26374531	7.07
Indian Public	4026388	1.08
Sub -Total: B	93397777	25.06
GRAND TOTAL (A+B)	372630454	100.00



(h) 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).

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

As on 31 March, 2014, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

(j) Address for investor's correspondence

(i) Registrar and Transfer Agents:

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
E-mail: investors@ksk.co.in

(k) Other Shareholder information:

(i) Corporate Identity Number (CIN)

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

(ii) Shareholder's Relation Team

The Shareholder's Relations 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).

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 given below.

"I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management of the Company in respect of Financial Year 2013-14."

Place: Hyderabad
Date: 14 August 2014

Sd/-
S. Kishore
Whole-time Director

(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 N. Kulkarni and Mr. Anil Kumar Kutty who are holding 100 and 375 shares of the Company respectively, no other non-executive director is holding any shares in the Company.

(iv) Management Discussion and Analysis Report:

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



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

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

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

The CEO and CFO certification on the financial statements for the year 2013-14 is provided elsewhere in this Annual Report.

(vii) Details of Shares in the Escrow Account as on 31st March, 2014: (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 March 31, 2014, 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: 14 August 2014



Directors' Report

Dear Shareholders,

Your Directors have the pleasure in presenting the Fourteenth Annual Report together with the audited statements of accounts for the year ended 31 March 2014.

PERFORMANCE HIGHLIGHTS

(INR Million)

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Income	479.76	491.55	21,118.01	22,070.20
Operating Expenditure	(114.56)	(165.69)	(15,746.22)	(13,886.25)
Operating Profit	365.20	325.86	5,371.79	8,183.95
Add: Other Income	7.26	0.54	1,365.52	1,006.96
Less: Finance Cost	(226.79)	(157.04)	(7,216.12)	(6,017.67)
Less: Depreciation	(10.48)	(16.64)	(2,929.73)	(2,264.68)
Profit before tax (PBT)	135.19	152.72	(3,408.54)	908.56
Tax expense	(37.69)	(19.91)	(1,527.61)	(764.96)
Net Profit/(Loss) after Tax	97.50	132.81	(1,880.93)	1,673.52
Earnings per Share (EPS) (Rs.)				
a) Basic	0.01	0.11	(4.62)	3.79
b) Diluted	0.01	0.11	(4.62)	3.79

Standalone:

During the year under review, the Company's income stood at Rs 479.66 mn. Further, there is a decrease in the operating expenditure. As a result, operating profit for the year increased from Rs 325.86 mn to Rs 365.20 mn. With increase in finance cost, the profit before tax reduced from Rs 152.72 mn to Rs 135.19 mn.

Consolidated:

During the year under review, the consolidated income of the Group stood at Rs. 21,118.01 mn. Further, during the year, operating expenses and finance cost experienced increase due to commissioning of first unit of 3600 MW KSK Mahanadi project resulting in a loss of Rs 3,408.54 mn. After providing for negative tax expense due to recognition of deferred tax asset on carry forward of losses. The Loss after tax stood at Rs 1,880.93mn as against Profit after tax of Rs 1,673.52 mn for the previous year.

DIVIDEND

Your Directors have not recommended any dividend on equity shares for the year under review.

As per the terms of issue, the Company had paid dividend on 8% Cumulative Redeemable Preference Shares of Rs. 10/- each issued to L&T Infrastructure Finance Company Limited. Further, the Company has also redeemed 33,000,000 8% Cumulative Redeemable Preference Shares of Rs. 10/- each issued to L&T Infrastructure Finance Company Limited.

REVIEW OF OPERATIONS

Your Company is a power project development company with track record of developing and operating power plants. The Company is established in 2001 to capitalize on the emerging opportunities in the Indian power sector and focus on developing, operating and maintaining power projects across various fuels, various territories and sizes.

The Company along with its subsidiaries and jointly controlled entities has an installed gross power generation capacity of 1472 MW of power and is currently involved in constructing 3600 MW KSK Mahanadi Power plant that has a 600 MW unit operational and another expected to be operational shortly taking aggregate operational capacity to 2000+ MW. Additionally, the group has an exciting portfolio of planned projects across the fuel spectrum.

PRINCIPAL POWER ASSETS

KSK's 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 in Tamilnadu;
- Sitapuram, a 43 MW coal based power plant in Telangana;
- VS Lignite, a 135 MW lignite based power project in Rajasthan;
- Sai Wardha Power, a 540 MW coal based power project in Maharashtra;
- Sai Maithili Power, a 10 MW Solar Power project in Rajasthan; and
- KSK Mahanadi Power, a 3,600 MW coal based power project in Chhattisgarh - first 600 MW has been commissioned.

Power projects under active construction stage

- KSK Mahanadi, a 3,600 MW coal based power project in Chhattisgarh - remaining 5 units of 600 MW each

REVIEW OF BUSINESS

Further, the operational and financial performance of each of the power plants for the financial year 2013-14 has been outlined in the "Management Discussion and Analysis Report" section.

QUALIFIED INSTITUTIONAL PLACEMENT

The Company has successfully completed a Qualified Institutional Placement (QIP) of its Equity shares during June 2014. In terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the issue price was fixed at Rs. 99.00 (including a premium of Rs. 89.00) per Equity share. 4,04,04,040 equity shares were allotted to the investors and an approximate amount of Rs. 400 Crores was raised through the QIP.

SUBSIDIARIES

Details of major subsidiaries of the Company and their business operations during the year under review are covered in the Management's Discussion and Analysis Report.



The Ministry of Corporate Affairs, Government of India, vide General Circular No.: 2/20 dated February 8, 2011, 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 Companies Act, 1956 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.

The consolidated financial statements of the company, which includes the results of its subsidiaries, are included in this Annual Report.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013, Independent Directors are required to be excluded while computing the number of directors to retire by rotation. As of the date of this Report, Mr. T.L. Sankar, Mr. S.R. Iyer and Mr. Girish N. Kulkarni are the Independent Directors liable to retire by rotation. In order to give effect to the applicable provisions of Sections 149 and 152 of the Act, it is proposed that these Directors be appointed as Independent Directors not liable to retire by rotation, to hold office as per the tenure of appointment mentioned in the Notice of the forthcoming Annual General Meeting of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the applicable provisions of Section 149 of the Act and under Clause 49 of the Listing Agreement with the Stock Exchanges.

In accordance with the provisions of the Companies Act, 2013, Mr. K. Bapi Raju, Director retire by rotation at the forthcoming Annual General Meeting and being eligible, offered himself for re-appointment.

Further, Mr. S. Kishore and Mr. K.A. Sastry whose term as Whole-time Directors will expire on March 31, 2015, are proposed to be reappointed as Whole-time Directors of the Company with effect from April 1, 2015 for a period of 5 years subject to the approval of the Members. Separate resolutions have been put up for consideration by the Members.

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 are eligible for re-appointment. It is proposed to re-appoint M/s. Umamaheswara Rao & Co., as Statutory Auditors of the Company from the conclusion of 14th Annual General Meeting till the conclusion of the 17th Annual General Meeting to be held in the year 2017, subject to the ratification of their appointment at every AGM. M/s. Umamaheswara Rao & Co., has under Section 141 of the Act, has furnished a certificate of its eligibility for re-appointment. The Members year on year will be requested to ratify their appointment as Auditors and to authorise the Board of Directors to fix their remuneration.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with Stock Exchanges, a Management Discussion and Analysis Report, Report on Corporate Governance and Auditors' Certificate, are included in the Annual Report.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of the Company constituted in terms of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement consists of Mr. S.R. Iyer (Chairman), Mr. T.L. Sankar (Member) and Mr. Girish N. Kulkarni (Member).

COMPOSITION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company constituted in terms of Section 135 of the Companies Act, 2013 consists of Mr. T.L. Sankar (Chairman), Mr. Anil Kumar Kutty (Member) and Mr. Tanmay Das (Member).

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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.

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

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

	(Rs. in Millions)	
	2013-14	2012-13
Foreign Exchange Earnings	-	-
Foreign Exchange Outgo	-	-



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

Place: Hyderabad

Date: 14th August 2014

Sd/-

T.L. Sankar

Chairman



Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

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

S. no.	Particulars	KSK Wardha Infrastructure Private Limited*	KSK Energy Private Limited	KSK Vidarbha Power Company Private Limited*	KSK Narmada Power Company Private Limited*	KSK Dibbin Hydro Power Private Limited*	Kameng Dan Hydro Power Limited*	J R Power Gen Private Limited*	KSK Mahanadi Power Company Limited	Sai Power Pre LTD (USD)	Sai Power Pre LTD (INR)	KSK Upper Subansiri Hydro Energy Limited*	KSK Dinchang Power Company Private Limited*	KSK Jameri Hydro Power Private Limited*	Tila Kamal Hydro Electric Company Private Limited* (INR) 5	Tila Kamal Hydro Electric Company Private Limited* (INR) 5	Bheri Hydro Power Company Private Limited* (INR) 5	Bheri Hydro Power Company Private Limited* (INR) 5	KSK Electricity Financing Private Limited*	Arasmeta Captive Power Company Private Limited	Sai Regency Power Corporation Private Limited	VS Lignite Power Private Limited	Sai Maithili Power Company Private Limited	Sai Wardha Power Limited	Field Mining and Ispats Limited*
		31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14	31-Mar-14
1	Share capital	1.50	49.10	0.11	0.10	0.10	0.50	76.70	25,282.13	0.10	5.46	0.50	10.00	10.00	198.41	121.78	1.45	0.90	5,701.15	755.00	2,148.80	2,235.70	43.30	6,174.00	2.00
2	Share application money pending allotment	-	-	-	-	-	218.70	-	-	-	-	-	-	-	3.48	2.15	10.53	6.51	3,610.48	1,812.70	110.00	-	-	-	-
3	Reserves	-	36.38	-	-	-	-	-	(375.79)	(0.50)	(30.32)	-	-	-	-	-	-	-	(2.77)	(311.27)	2,583.70	(1,564.45)	275.18	(5,198.61)	-
4	Total assets	1.63	1,662.63	2.13	16.77	1,140.97	1,015.81	1,872.39	148,373.51	24.52	1,467.68	2,152.32	108.18	80.46	235.88	145.85	12.01	7.42	12,602.43	4,931.66	6,107.44	7,301.30	1,108.50	33,109.49	57.33
5	Total liabilities	1.63	1,662.63	2.13	16.77	1,140.97	1,015.81	1,872.39	148,373.51	24.52	1,467.68	2,152.32	108.18	80.46	235.88	145.85	12.01	7.42	12,602.43	4,931.66	6,107.44	7,301.30	1,108.50	33,109.49	57.33
6	Investment (except in case of investment in subsidiaries)	-	55.81	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,793.84	-	-	-	-	780.00	-
7	Turnover (including other income)	-	110.77	-	-	-	-	-	4,592.98	-	-	-	-	-	-	-	-	-	44.99	1,252.33	2,357.91	2,590.21	157.67	10,315.32	-
8	Profit/(loss) before Taxation	-	2.52	-	-	-	-	-	(569.34)	(0.48)	(28.76)	-	-	-	-	-	-	-	(123.56)	(324.81)	413.38	(408.04)	24.48	(4,275.51)	-
9	Provision for taxation	(0.04)	0.88	-	-	-	-	-	(193.55)	(0.48)	(28.76)	-	-	-	-	-	-	-	(0.27)	(168.65)	0.11	(145.83)	1.19	(1,070.16)	-
10	Profit/ (loss) after taxation and write back	-	1.64	-	-	-	-	-	(375.79)	(0.48)	(28.76)	-	-	-	-	-	-	-	(123.29)	(156.16)	413.27	(262.21)	23.29	(3,205.35)	-
11	Proposed dividend (including interim dividend and dividend distribution tax thereon)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

- * Companies under construction stage. Tax provision represents the tax on other income earned.
- Arasmeta Captive Power Company Private Limited, VS Lignite Power Private Limited, Sai Regency Power Corporation Private Limited and Sai Wardha Power Limited are subsidiaries of KSK Electricity Financing India Private Limited (KSKEFPI), which is 100% subsidiary of the Company.
- Field Mining Ispats Limited is a subsidiary of Sai Wardha Power Limited
- Sai Maithili Power Company Private Limited is a subsidiary of VS Lignite Power Private Limited
- Sai Power Pre 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 2014.
- The annual accounts for 2013-14 for all the subsidiaries are available at Company's head office. Any investor of the 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 - Nepali Rupee - Rs.1.6173 and US \$ - Rs. 0.016705



The Board of Directors,
KSK Energy Ventures Limited.

C E R T I F I C A T E

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 31st March 2014 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: 24 May 2014



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, 2014, 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") read with General Circular 15/2013 dated 13 September, 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
- (b) in the case of the Profit and Loss Account, 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

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

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, read with General Circular 15/2013 dated 13 September, 2013 of Ministry of corporate affairs in respect of section 133 of companies act 2013;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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

Place: Hyderabad

Date: 24 May 2014



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 not disposed off substantial part of fixed assets and therefore do not affect the going concern assumption.

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 Twelve Companies covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year amounts to Rs.1,363.41 crores and the year-end balance of such loans was Rs. 3.07 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) The company has taken unsecured loans from Seven Companies covered in the register maintained under section 301 of the companies Act, 1956. The Maximum amount involved during the year amounts to Rs.497.46 crores and year-end balance of such loan was Rs.182.52 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.



Annexure to Auditors' Report

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

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.
7. In our opinion, the Company has an Internal Audit System commensurate with its size and the nature of its business.
8. During the year the maintenance of cost records is not applicable for the Company.
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, 2014, 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 2014, other than those furnished below:

Name of the statute	Nature of dues	Forum where pending	Period to which amount relates	Amount (In Crores)
Finance Act, 1994	Service Tax	CESTAT	April, 2008 to March, 2010	50.20
Income Tax Act	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 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: 24 May 2014



Balance Sheet as at 31 March 2014

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

	Note	As at	
		31 March 2014	31 March 2013
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	4,396.30	4,726.30
(b) Reserves and surplus	4	22,255.03	22,308.85
		26,651.32	27,035.15
2 Non-current liabilities			
(a) Long-term borrowings	5	230.00	1,287.19
(b) Other non-current liabilities		1,284.92	-
(c) Deferred tax liabilities (net)	6	0.69	1.21
		1,515.61	1,288.40
3 Current liabilities			
(a) Short-term borrowings	5	1,432.34	5,800.79
(b) Trade payables	7	1,980.80	3,630.19
(c) Other current liabilities	9	1,610.19	2,203.25
(d) Short-term provisions	8	19.23	19.36
		5,042.56	11,653.59
TOTAL		33,209.49	39,977.14
II ASSETS			
1 Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		198.10	192.14
(ii) Intangible assets		2.71	3.64
(iii) Capital work in progress		7.71	-
(iv) Intangible assets under development		-	1.01
(b) Non-current investments	11	29,856.94	29,775.30
(c) Long-term loans and advances	12	1,346.26	3,826.77
(d) Other non-current assets	13	231.14	238.45
		31,642.86	34,037.31

	Note	As at	
		31 March 2014	31 March 2013
2 Current assets			
(a) Trade receivables	14	217.60	-
(b) Cash and bank balance	15	219.97	267.62
(c) Short-term loans and advances	12	824.67	5,392.25
(d) Other current assets	13	304.39	279.96
		1,566.63	5,939.83
TOTAL		33,209.48	39,977.14

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

for and on behalf of the Board

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

M. S. Phani Sekhar

Company Secretary

Place : Hyderabad

Date : 24 May 2014



Statement of Profit and Loss for the year ended 31 March 2014

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

	Note	Year ended		
		31 March 2014	31 March 2013	
I	Revenue from operations	16	479.76	491.55
II	Other income	17	7.26	0.54
III	Total revenue (I+II)		487.02	492.09
IV	Expenses			
	Employee benefits expense	18	54.97	64.13
	Other expenses	19	59.59	101.56
	Finance costs	20	226.79	157.04
	Depreciation	10	10.48	16.64
	Total expenses		351.83	339.37
V	Profit /(loss) before exceptional items and tax (III-IV)		135.19	152.72
VI	Tax expense / (Income)			
	Current tax			
	For the year		38.21	30.56
	Less: Mat credit entitlement		-	(7.38)
	Deferred tax		(0.52)	(3.27)
	Total tax expense / (Income)		37.69	19.91
VII	Profit / (loss) for the year (V-VI)		97.50	132.81
	Earnings / (loss) per share :			
	Basic and Diluted- face value Rs.10 per share		0.01	0.11

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

for and on behalf of the Board

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

M. S. Phani Sekhar

Company Secretary

Place : Hyderabad

Date : 24 May 2014



Cash Flow Statement for the year ended 31 March 2014

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

	31 March 2014	31 March 2013
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	135.19	152.72
Adjustment for		
Depreciation and amortisation expense	10.48	16.64
Finance costs	928.62	1,142.69
Interest income	(701.83)	(985.65)
Loss on sale of assets	0.03	39.00
Operating profit before working capital changes	372.49	365.40
Adjustment for working capital		
Trade receivables	(217.60)	300.42
Loans and advances	(337.02)	21.63
Other assets	0.49	108.15
Trade payables	133.82	59.64
Other liabilities and provisions	30.39	(8.17)
Cash generated from operations	(17.43)	847.07
Income taxes paid	(136.74)	(182.75)
Net cash flow from operating activities	(154.17)	664.32
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work-in-progress	(95.16)	(5.16)
Sale of fixed assets	0.02	760.34
Advance for investments, net	(781.88)	1,302.13
Inter corporate deposit given / refund, net	2,167.75	(2,557.08)
Purchase of investments	(8.13)	(184.25)
(Investment)/redemption of bank deposit (held as margin money or security against guarantees or borrowings)	66.49	86.86
(Investment)/redemption of bank deposit (having original maturity more than three months)	(0.01)	21.35
Interest received	676.85	992.37
Net Cash from (used in) investing activities	2,025.93	416.56



Cash Flow Statement for the year ended 31 March 2014

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

	31 March 2014	31 March 2013
CASH FLOW FROM FINANCING ACTIVITIES		
Redemption of preference share capital	(387.86)	-
Payment of dividend and dividend tax	(93.59)	(93.23)
Repayment of long term borrowings	(875.00)	(875.00)
Proceed/(repayment) of short term borrowings, net	422.99	1,008.41
Payment of finance costs	(919.46)	(1,113.44)
Net Cash flow from financing activities	(1,852.92)	(1,073.26)
Net income / (decrease) in cash and cash equivalents	18.84	7.62
Cash and cash equivalents at the beginning of the year	31.69	24.07
Cash and cash equivalents at the end of the year	50.53	31.69
1 Notes:		
Cash and cash equivalents includes:		
Cash in hand	0.26	0.15
Balances with banks		
On current account	50.27	31.54
	50.53	31.69

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

for and on behalf of the Board

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

M. S. Phani Sekhar

Company Secretary

Place : Hyderabad

Date : 24 May 2014



Notes to Financial Statements

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

1 Nature of operations

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

2 Significant Accounting Policies

2.1 Accounting convention

The Financial Statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in India (GAAP) and comply with the mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules 2006 ('Rules'), other pronouncements of the Institute of Chartered Accountants of India (ICAI) to the extent applicable, the provisions of Companies Act, 1956, the provisions of the Companies Act 2013 (to the extent notified) 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.



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

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

2.5 Fixed assets and depreciation

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

Depreciation has been provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except for assets costing up to Rs. 5,000/-, which are fully depreciated in the year of 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 include interest on borrowings and amortisation of ancillary cost incurred in connection with the arrangement of borrowings. 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 capitalized. All other borrowing costs are recognised as an expense in the 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.



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

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 no 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.

2.13 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 2014	31 March 2013
Authorised		
4,000,000,000 (31 March 2013: 4,000,000,000) equity shares of Rs.10/- each.	40,000.00	40,000.00
1,031,500,000 (31 March 2013: 1,031,500,000) preference shares of Rs.10/- each.	10,315.00	10,315.00
	50,315.00	50,315.00
Issued, subscribed and paid up		
372,630,454 (31 March 2013: 372,630,454) equity shares of Rs.10/- each fully paid up. (Of the above shares 70,195,429 equity shares are allotted as fully paid up by way of bonus shares)	3,726.30	3,726.30
67,000,000 (31 March 2013: 100,000,000) 8% Compulsorily redeemable preference shares of Rs.10/- each fully paid up. (refer note a)	670.00	1,000.00
	4,396.30	4,726.30

Notes:

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

b Reconciliation of number of shares outstanding	As at	
	31 March 2014	31 March 2013
Equity shares		
Outstanding at the beginning of the year	372,630,454	372,630,454
Issued during year	-	-
Bought back during year	-	-
Outstanding at the end of the year	372,630,454	372,630,454
8% Compulsorily redeemable preference shares		
Outstanding at the beginning of the year	100,000,000	100,000,000
Issued during the year	-	-
Redeemed during the year	33,000,000	-
Outstanding at the end of the year	67,000,000	100,000,000



Notes to Financial Statements (Continued...)

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

c Equity shares held by holding company and its subsidiaries

Name of the share holder	As at	
	31 March 2014	31 March 2013
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%

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

Name of the share holder	As at	
	31 March 2014	31 March 2013
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	18,500,000	20,828,534
% of shares held	4.96%	5.59%
8% Compulsorily redeemable preference shares fully paid - up		
L & T Infrastructure Finance Company Limited		
No of shares held	67,000,000	100,000,000
% of shares held	100.00%	100.00%

4 Reserves and surplus

	As at	
	31 March 2014	31 March 2013
Capital Redemption Reserve		
Opening balance	-	-
Transfer from surplus	330.00	-
	330.00	-
Securities premium		
Opening balance	18,739.90	18,739.90
Less: Premium on redemption of preference shares	57.86	-
	18,682.04	18,739.90
Surplus		
Opening balance	3,568.95	3,529.12
Add: profit for the year from statement of profit and loss	97.50	132.81
	3,666.45	3,661.93
Appropriations		
Transfer to capital redemption reserve	330.00	-
Preference dividend	79.78	80.00
Dividend distribution tax	13.69	12.98
	423.47	92.98
Balance	3,242.98	3,568.95
	22,255.03	22,308.85

5 Borrowings

	As at	
	31 March 2014	31 March 2013
Long-term borrowings		
Secured		
Term loans		
Rupee loans from banks (Ref note 1 & 2a)	-	1,057.19
Unsecured		
Deferred payment liabilities (refer note 2b)	230.00	230.00
	230.00	1,287.19
Short-term borrowings		
Secured		
Loan against letter of credits (refer note 1)	776.84	-
Unsecured		
Loan against deposits	655.50	5,177.70
Loans and advances from related parties	-	623.09
	1,432.34	5,800.79
	1,662.34	7,087.98



Notes to Financial Statements (Continued...)

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

1) Details of security provided for various credit facilities

Security : 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

- a The long term Rupee loans are repayable in quarterly, half yearly instalments with the last instalment of respective loans are payable from October 2014 to December 2014 The long term borrowings carries an weightage average rate of interest of 14.42 % p.a.
- b Deferred payment liability is repayable in March 2018.

6 Deferred tax (net)

	As at	
	31 March 2014	31 March 2013
Deferred tax liability on account of depreciation	0.69	1.21
Deferred tax- net	0.69	1.21

7 Trade payables

	As at	
	31 March 2014	31 March 2013
Dues to other than micro and small enterprises	1,980.80	3,630.19
	1,980.80	3,630.19

As at 31 March 2014 (31 March 2013: 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 2014	31 March 2013
Short-term provisions		
For dividend and tax there on	19.23	19.36
	19.23	19.36

9 Other current liabilities

	As at	
	31 March 2014	31 March 2013
Current maturities of long-term debt	1,400.44	2,125.00
Interest accrued but not due on borrowings	-	9.24
Interest accrued and due on borrowings	79.33	60.94
Salaries and bonus payable	6.32	3.95
Other liabilities	91.47	-
Statutory liabilities	31.53	3.51
Creditors for capital goods (including retention money)	1.10	0.61
	1,610.19	2,203.25

Notes to Financial Statements (Continued...)

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

10 Fixed Assets

Particulars	Gross Block			Depreciation			Net Block	
	As at 1 April 2013	As at Addi- tions / Adjustments	As at 31 March 2014	As at 1 April 2013	For the year	Deletions / Adjustments	As at 31 March 2014	As at 31 March 2013
Tangible assets								
Land and site development	143.98	13.46	157.44	-	-	-	-	143.98
Buildings								
Free hold	3.17	-	3.17	0.20	0.05	-	0.25	2.92
Lease hold improvements	10.32	-	10.32	8.19	0.95	-	9.14	1.18
Electrical works	2.61	-	2.61	1.08	0.12	-	1.20	1.41
Furniture and fixtures	9.79	0.02	9.81	4.46	0.59	-	5.05	4.76
Vehicles	9.18	-	9.14	5.36	0.87	0.02	6.21	2.93
Computer	35.88	0.64	36.52	22.76	4.47	-	27.23	9.29
Office equipment	25.06	0.22	25.23	5.80	1.26	-	7.06	18.17
Total Tangible assets	239.99	14.34	254.24	47.85	8.31	0.02	56.14	198.10
Intangible assets								
Computer software	22.34	1.26	23.60	18.70	2.20	-	20.90	2.71
Total Intangible assets	22.34	1.26	23.60	18.70	2.20	-	20.90	3.64
Capital work in progress	-	7.71	7.71	-	-	-	-	-
Intangible assets under development	1.01	-	-	-	-	-	-	1.01
As at 31 Marh 2013								
Tangible assets	527.23	4.24	291.48	43.50	13.91	9.56	47.85	192.14
Intangible assets	17.89	4.45	22.34	15.97	2.73	-	18.70	3.64
Capital work in progress	3.17	-	3.17	-	-	-	-	-
Intangible assets under development	4.99	-	1.01	-	-	-	-	1.01

11 Non current investments

	As at	
	31 March 2014	31 March 2013
Trade investments		
Investments in equity instruments		
(unquoted, fully paid up)		
3,636,363 (31 March 2013: 3,636,363)	160.00	160.00
Equity shares of Rs.10 each in Terra Energy Limited.		
Other investments		
Investments in equity instruments		
(unquoted, fully paid up)		
Investment in subsidiary		
10,500 (31 March 2013: 10,500) Equity shares of Rs 10 each in KSK Narmada Power Company Private Limited.	0.11	0.11
499,990 (31 March 2013: 499,990) Equity shares of Rs 10 each in KSK Wind Energy Private Limited	5.00	5.00
570,115,305 (31 March 2013: 570,115,305) Equity shares of Rs.10 each in KSK Electricity Financing India Private Limited.	7,527.58	7,527.58
150,000 (31 March 2013: 150,000) Equity shares of Rs.10 each in KSK Wardha Infrastructure Private Limited .	1.50	1.50
10,500 (31 March 2013: 10,500) Equity shares of Rs 10 each in KSK Vidarbha Power Company Private Limited .	0.11	0.11
10,000 (31 March 2013: 10,000) Equity shares of Rs 10 each in KSK Dibbin Hydro Power Private Limited.	0.10	0.10
50,000 (31 March 2013: 50,000) Equity shares of Rs 10 each in Kameng Dam Hydro Power Limited.	0.50	0.50
7,660,330 (31 March 2013: 7,660,330) Equity shares of Rs 10 each in JR Power Gen Private Limited.	76.60	76.60
2,062,549,994 (31 March 2013: 2,062,549,994) Equity shares of Rs 10 each in KSK Mahanadi Power Company Limited.	20,625.50	20,625.50
36,500,028 (31 March 2013: 47,762,190) Class A Equity shares of Rs 10 each in Sai Wardha Power Limited (formerly known as Wardha Power Company Limited).	554.55	725.62
50,000 (31 March 2013: 50,000) Equity shares of Rs 10 each in KSK Upper Subansiri Hydro Energy Limited.	0.50	0.50



Notes to Financial Statements (Continued...)

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

	As at	
	31 March 2014	31 March 2013
1,000,000 (31 March 2013: 1,000,000) Equity shares of Rs 10 each in KSK Dinchang Power Company Private Limited.	10.00	10.00
1,000,000 (31 March 2013: 1,000,000) Equity shares of Rs 10 each in KSK Jameri Hydro Power Private Limited.	10.00	10.00
1,059,280 (31 March 2013: 1,059,280) Equity shares of NRs 100 (in Rs.62.50) each in Tila Karnali Hydro Electric Company Private Limited.	66.20	66.20
13,077 (31 March 2013: 13,077) Equity shares of NRs 100 (in Rs.62.50) each in Bheri Hydro Power Company Private Limited.	0.82	0.82
Investments in preference shares (unquoted,fully paid up)		
Investment in subsidiary		
4,410,000 (31 March 2013: 4,410,000) 16% optionally convertible cumulative redeemable preference shares of Rs.10 each in KSK Wind Energy Private Limited	145.53	145.53
4,760,000 (31 March 2013: 4,760,000) 6% convertible preference shares of Rs 10 each in Sai Regency Power Corporation Private Limited.	238.00	238.00
660,000 (31 March 2013: 530,000) 12% cumulative redeemable preference shares of NRs 100 (in Rs 62.50) each in Tila Karnali Hydro Electric Company Private Limited	41.26	33.12
14,850,769 (31 March 2013: 14,850,769) 0.01% Class B cumulative redeemable preference shares of Rs 10 each in Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)	148.51	148.51
17,107,223 (31 March 2013: Nil) 0.01% Class A redeemable preference shares of Rs 10 each in Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)	171.07	-
Investments in Debentures (unquoted,fully paid up)		
Investment in subsidiary		
7,350,000 (31 March 2013: Nil) 0.01% Optionally convertible redeemable debentures of Rs 10 each in JR Power Gen Private Limited.	73.50	-
Total	29,856.94	29,775.30

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 2014	31 March 2013
Equity shares of Rs.10/-each in KSK Mahanadi Power Company Limited	2,048,942,459	1,179,400,501
Class 'A' Equity shares of Rs. 10/- each in Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)	36,500,028	47,762,190

12 Loans and advances

	As at	
	31 March 2014	31 March 2013
Long-term loans and advances		
Unsecured, considered good		
Capital advances	73.38	-
Security deposits	-	250.00
Prepaid expenses	0.22	0.54
Advance for investments		
Related parties	965.83	257.45
Others	79.61	79.62
Loans and advances		
Related parties	-	3,003.00
Advance tax and TDS receivable (net of provision for tax)	227.22	236.16
	1,346.26	3,826.77
Short-term loans and advances		
Unsecured, considered good		
Loans and advances		
Related parties	42.16	5,153.41
Advances for supplies / expenses	1.19	0.62
Prepaid expenses (Refer note 1)	9.20	6.55
Other receivables	453.34	225.64
Security deposits	318.78	6.03
	824.67	5,392.25
Total	2,170.93	9,219.02



Notes to Financial Statements (Continued...)

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

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 2014	31 March 2013
Present value of obligation at the beginning of the year	5.87	5.28
Interest cost	0.43	0.42
Current service cost	0.31	0.41
Benefits paid	(0.96)	(0.07)
Actuarial loss/(gain) on obligation	(0.40)	(0.17)
Present value of obligation at the end of the year	5.25	5.87

Change in fair value of assets

	As at	
	31 March 2014	31 March 2013
Fair value of plan assets at the beginning of the year	7.65	7.08
Expected return on plan assets	0.63	0.64
Benefits Paid	(0.96)	(0.07)
Actuarial gain/(loss) on plan assets	(0.03)	-
Fair value of plan assets at the end of the year	7.29	7.65

Amounts recognised in the balance sheet

	As at	
	31 March 2014	31 March 2013
Present value of obligation as at the end of the year	5.25	5.87
Fair value of plan assets at the end of the year	7.29	7.65
Funded status	2.04	1.78
Net asset/(liability) recognised in the balance sheet	2.04	1.78

Amounts recognised in the balance sheet

	As at			
	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Actuarial (gain) / losses	(0.37)	(0.17)	(5.03)	(1.19)
Experience adjustment				
On account of change in assumption	(0.47)	(0.02)	0.07	(0.15)
On account of change in experience	0.07	(0.15)	(5.10)	(1.18)
On plan assets	(0.03)	-	-	(0.13)

Amounts recognised in profit and loss account

	Year ended	
	31 March 2014	31 March 2013
Current service cost	0.31	0.41
Interest cost	0.43	0.42
Past service cost (non vested benefits)	-	0.16
Expected return on plan assets	(0.63)	(0.64)
Net actuarial (gain) / loss recognised for the period	(0.37)	(0.17)
Expenses/(benefits) recognised in the statement of profit and loss	(0.26)	0.17

Asset information**Category of Assets**

	As at	
	31 March 2014	31 March 2013
Insurer managed funds	100%	100%

Summary of actuarial assumptions

	Year ended	
	31 March 2014	31 March 2013
Discount rate	8.75%	8.06%
Salary escalation	10.00%	15.00%
Expected return on plan assets	8.75%	9.15%
Attrition rate	15.00%	15.00%

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.



Notes to Financial Statements (Continued...)

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

13 Other assets

	As at	
	31 March 2014	31 March 2013
Other non-current assets		
Unsecured, considered good		
Long term trade receivables	230.00	230.00
Mat credit entitlement	-	7.38
Interest accrued on deposits	0.19	0.12
Balances with banks:		
Deposits with bank held as margin money or security against guarantee or borrowings	0.95	0.95
	231.14	238.45
Other current assets		
Unsecured, considered good		
Interest accrued on deposits	297.17	272.25
Balances with statutory authorities	7.22	7.71
	304.39	279.96
Total	535.53	518.41

14 Trade receivables

	As at	
	31 March 2014	31 March 2013
Unsecured, considered good		
Other debts related parties	217.60	-
	217.60	-

15 Cash and bank balances

	As at	
	31 March 2014	31 March 2013
Cash and cash equivalents		
Cash on hand	0.26	0.15
Balances with banks		
On current accounts	50.27	31.54
	50.53	31.69
Other bank balances		
Deposits having maturity more than three months	0.14	0.13
Deposits with bank held as margin money or security against guarantee or borrowings	169.30	235.80
	169.44	235.93
Total cash and bank balances	219.97	267.62

16 Revenue from operations

	Year ended	
	31 March 2014	31 March 2013
Project development fees	67.46	123.75
Corporate support services fees	412.30	367.80
	479.76	491.55

17 Other income

	Year ended	
	31 March 2014	31 March 2013
Miscellaneous income	7.26	0.54
	7.26	0.54

18 Employee benefits expense

	Year ended	
	31 March 2014	31 March 2013
Salaries, wages and bonus	52.70	61.49
Contribution to provident and other funds	0.19	0.35
Staff welfare expenses	2.08	2.29
	54.97	64.13

19 Other expenses

	Year ended	
	31 March 2014	31 March 2013
Rent	7.43	9.97
Rates and taxes	0.25	0.13
Printing and stationery	2.80	1.87
Communication expenses	4.50	3.97
Office expenses	6.62	7.11
Travel and conveyance	3.01	1.77
Insurance charges	1.81	2.19
Legal and professional charges	20.04	22.57
Auditors' remuneration		
audit fees	2.00	2.00
for certification (including tax audit)	0.02	0.04



Notes to Financial Statements (Continued...)

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

	Year ended	
	31 March 2014	31 March 2013
Repair and maintenance		
building	0.28	0.13
others	5.28	6.05
Donations	0.12	0.12
Electricity expenses	2.03	2.20
Training, seminar and recruitment expenses	0.20	0.47
Directors sitting fees	0.36	0.48
Loss on sale of assets	0.03	39.00
Miscellaneous expenses	2.81	1.49
	59.59	101.56

20 Finance cost (net):

	Year ended	
	31 March 2014	31 March 2013
Interest on others	909.27	1,139.05
Other borrowing cost	19.35	3.64
	928.62	1,142.69
Less: Interest Income	701.83	985.65
	226.79	157.04

21 Contingent liabilities and commitments :

a) Contingent liabilities :

	Year ended	
	31 March 2014	31 March 2013
i) Bank guarantees and letter of credits outstanding	5,814.84	2,853.44
ii) Corporate guarantees outstanding	24,759.97	25,219.88
iii) Service tax department has issued demand order to the Company for payment of service tax amounting to Rs 505.64 million (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. Further, an amount of Rs. 25.88 million has been paid against the demand under protest and the balance demand is stayed. 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.		

	Year ended	
	31 March 2014	31 March 2013
iv) The Company has received a net demand of Rs. 280.30 million (31 March 2013 :Rs 280.30 million) (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 Rs. 114.85 million has been paid against the demand under protest and the CIT granted stay of collection of tax till September 2014. 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) Estimated value of the contracts to be executed on capital account and not provided for:

	Year ended	
	31 March 2014	31 March 2013
Capital Commitments	-	0.74

22 Expenditure in foreign currency on accrual basis

	Year ended	
	31 March 2014	31 March 2013
Foreign travel	0.14	-
Total	0.14	-

23 Earnings/(loss) per share (EPS)

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

	Year ended	
	31 March 2014	31 March 2013
Net Profit after tax	97.50	132.81
Less : Preference dividend and tax thereon	(93.47)	(92.98)
Net Profit/(loss) attributable to shareholders for Basic / Diluted EPS	4.03	39.83
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 Rs.)	0.01	0.11



Notes to Financial Statements (Continued...)

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

24 Related party Disclosures:

a) Parties where control exists

Name of the party	Relationship
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 karnali 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
Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)	Subsidiary company
Sai Power pte Limited	Subsidiary company
Field Mining Ispats Limited	Subsidiary company
Arasmeta Captive Power Company Private Limited	Subsidiary company

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

Name of the party	Relationship
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

c) Key Management personnel

Name of the party	Relationship
Mr. S. Kishore	Whole-time Director
Mr. K .A. .Sastry	Whole-time Director

d) Particulars of related party transactions

31 March 2014					
S.No	Particulars	Subsidiaries	Joint venture	Fellow subsidiaries	KMP/ Relative of KMP
I. Transactions					
1	Project development and corporate support fees	430.96	4.30	-	-
2	Interest Income	665.11	-	11.40	-
3	Interest expense	74.68	-	24.88	-
4	Sale of coal	107.53	-	-	-
5	Purchase of fixed assets	0.06	-	-	-
6	Loans and advance given (including advance for investments)	9,988.72	-	81.76	-
7	Refund of loans and advance	17,144.74	-	249.99	-
8	Loans/security deposits taken	823.97	-	1,014.27	-
9	Repayment of loan/security deposit	3,132.57	-	532.55	-
10	Managerial remuneration	-	-	-	15.00
II. Balances					
1	Amount receivable	1,410.99	1.10	27.80	-
2	Amount Payable	1,851.64	-	603.15	-
3	Managerial remuneration payable	-	-	-	1.11



Notes to Financial Statements (Continued...)

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

31 March 2013					
S.No	Particulars	Subsidiaries	Joint venture	Fellow subsidiaries	KMP/ Relative of KMP
I. 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 (including advance for investments)	6,053.02	17.50	155.46	-
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
II. 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

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

Particulars	Amount outstanding as at		Maximum outstanding during the year
	31 March 2014	31 March 2013	31 March 2014
I Loans and advances in the nature of loans given to subsidiaries: * ^			
Subsidiaries			
KSK Dibbin Hydro Power Private Limited	-	949.36	958.84
Kameng Dam Hydro Power Limited	-	857.72	935.39
J R Power Gen Private Limited	-	1,253.19	1,464.60
KSK Narmada Power Company Private Limited	16.65	16.65	16.65
KSK Vidarbha Power Company Private Limited	2.01	2.00	2.01
KSK Upper Subansiri Hydro Energy Limited	-	1,772.40	1,932.29
KSK Dinchang Power Company Private Limited	-	72.46	83.29
KSK Jameri Hydro Power Private Limited	-	49.90	57.80

Particulars	Amount outstanding as at		Maximum outstanding during the year
	31 March 2014	31 March 2013	31 March 2014
Arasmeta Captive Power Company Private Limited	12.00	1,138.00	1,170.10
Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)	-	1,865.00	1,865.01
KSK Electricity Financing India Private Limited	-	-	14.80
KSK Mahanadi Power Company Limited	-	-	2.25
Total	30.66	7,976.68	
II Loans and advances in the nature of loans where interest is not charged or charged below bank rate			
KSK Narmada Power Company Private Limited	16.65	16.65	16.65
KSK Vidarbha Power Company Private Limited	2.01	2.00	2.01
KSK Dinchang Power Company Private Limited	-	72.46	-
KSK Jameri Hydro Power Private Limited	-	49.90	-
KSK Mahanadi Power Company Limited	-	-	2.25
Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)	-	1,865.00	-
Total	18.66	2,006.01	

III 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.

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

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

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

VII) Corporate Guarantees of Rs. 36,957.67 (31 March 2013 Rs.32,917.20), Bank guarantees of Rs. 5,965.17 (31 March 2013 Rs.4,362.48) and Letter of credit limits of Rs. 1,684.01 (31 March 2013 Rs.2,043.79) has been given by the Company on behalf of subsidiaries and fellow subsidiaries.

VIII) Corporate Guarantees of Rs. 10,880.00 (31 March 2013 Rs.9,605.00) has been given by step-up holding Company on behalf of the Company.



Notes to Financial Statements (Continued...)

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

- 25 The company is primarily engaged in the business of providing project development and corporate support services. Accordingly there are no reportable segment as per accounting standard 17 notified under the Companies Act, 1956.
- 26 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.
- 27 During the year the Company has assigned certain of its development portfolio assets along with associated liabilities to its wholly owned subsidiary KSK Electricity Financing India Private Limited for independent development pursuit.
- 28 Previous year figures have been regrouped and reclassified wherever necessary to conform to the current year classification.

As per our report of even date

for and on behalf of the Board

For **Umamaheswara Rao & Co.**

Chartered Accountants

Firm registration No: 004453S

Sd/-

Sd/-

Sd/-

Sd/-

S.Venugopal

S. Kishore

K. A. Sastry

M. S. Phani Sekhar

Partner

Whole-time Director

Whole-time Director

Company Secretary

Membership No: 205565

Place : Hyderabad

Date : 24 May 2014



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 2014 and the consolidated profit and loss account 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiaries and joint venture 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
- KSK Vidarbha Power Company Private Limited
- J R 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
- Sai Wardha Power Limited (Formerly Wardha Power Company Limited)
- Field Mining and Ispats Limited
- Sai Maithili 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 Rs. 213,130 million as at 31 March 2014 and total revenue of Rs. 20,345 million for the year ended 31 March 2014. The financial statements and other information of the subsidiaries and joint Venture, except



Auditors' Report on Consolidated Financial Statements

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

Sitapuram Power 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, is based solely on the report of other auditors.

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

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

- i) in the case of consolidated Balance sheet, of the state of the KSK Group as at 31 March 2014;
- ii) in the case of consolidated Profit and Loss Account, of the loss for the 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

Membership No. 205565

FRN 004453S

Place: Hyderabad

Date: 24 May 2014



Consolidated Balance Sheet as at 31 March 2014

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

	Note	As at	
		31 March 2014	31 March 2013
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	4	4,396.30	4,726.30
(b) Reserves and surplus	5	25,511.59	27,290.86
		29,907.89	32,017.16
2 Minority interest			
	6	6,810.13	6,735.18
3 Non-current liabilities			
(a) Long-term borrowings	7	117,080.40	112,689.28
(b) Deferred tax liabilities (net)	8	65.88	227.31
(c) Other long term liabilities	9	4,355.21	3,271.65
(d) Long-term provisions	11	23.61	51.14
		121,525.10	116,239.38
4 Current liabilities			
(a) Short-term borrowings	7	18,531.98	15,674.88
(b) Trade payables	10	5,243.76	2,163.39
(c) Other current liabilities	12	36,057.81	28,808.79
(d) Short-term provisions	11	175.03	92.85
		60,008.58	46,739.91
		218,251.70	201,731.63
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	13		
(i) Tangible assets		76,960.81	44,963.75
(ii) Intangible assets		2,060.57	2,041.22
(iii) Capital work in progress		92,619.45	105,871.75
(iv) Intangible assets under development		3.79	1.01
(b) Non-current investments	14	215.81	215.81
(c) Deferred tax assets (net)	8	3,320.73	1,910.89
(d) Long-term loans and advances	15	8,064.46	12,120.98
(e) Other non-current assets	16	3,149.77	2,552.81
		186,395.39	169,678.22



Consolidated Balance Sheet as at 31 March 2014 (continued..)

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

	Note	As at	
		31 March 2014	31 March 2013
2 Current assets			
(a) Current investments	14	-	172.06
(b) Inventories	17	1,493.52	1,510.71
(c) Trade receivables	18	9,201.52	5,597.08
(d) Cash and bank balances	19	8,693.22	14,656.47
(e) Short-term loans and advances	15	10,497.27	8,535.30
(f) Other current assets	16	1,970.78	1,581.79
		31,856.31	32,053.41
		218,251.70	201,731.63

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

for and on behalf of the Board

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

M. S. Phani Sekhar

Company Secretary

Place : Hyderabad

Date : 24 May 2014

Consolidated Statement of Profit and Loss for the year ended 31 March 2014

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

	Note	Year ended	
		31 March 2014	31 March 2013
I Revenue from operations	20	21,118.01	22,070.20
II Other income	21	1,365.52	1,006.96
III Total revenue (I+II)		22,483.53	23,077.16
IV Expenses			
Cost of fuel consumed	22	11,978.78	10,695.64
Manufacturing expenses	23	1,522.50	1,314.50
Employee benefits expenses	24	463.42	431.65
Other expenses	25	1,781.52	1,444.46
Finance costs	26	7,216.12	6,017.67
Depreciation and amortisation expenses	13	2,929.73	2,264.68
Total expenses		25,892.07	22,168.60
V Profit / (loss) before tax (III - IV)		(3,408.54)	908.56
VI Tax expense / (income)			
Current tax			
For the year		145.53	164.48
In respect of earlier years		(0.85)	0.38
Less : MAT credit entitlement		(101.02)	(140.46)
Deferred tax		(1,571.27)	(789.36)
Total tax expense / (income)		(1,527.61)	(764.96)
VII Profit / (loss) for the year before minority interest (V - VI)		(1,880.93)	1,673.52
Minority interest		(252.04)	167.72
Profit / (loss) for the year after minority interest		(1,628.89)	1,505.80
VIII Earnings / (loss) per share:			
Basic and diluted -face value of Rs.10 per share (Rs.)		(4.62)	3.79

See accompanying notes to Consolidated 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

Place : Hyderabad

Date : 24 May 2014

for and on behalf of the Board

Sd/-

S. Kishore

Whole-time Director

Sd/-

K. A. Sastry

Whole-time Director

Sd/-

M. S. Phani Sekhar

Company Secretary



Consolidated Cash Flow Statement for the year ended 31 March 2014

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

	31 March 2014	31 March 2013
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before tax	(3,408.54)	908.56
Adjustments for		
Depreciation and amortisation expenses	2,929.73	2,264.68
Finance cost	7,216.12	6,017.67
Interest income	(966.79)	(980.73)
Dividend income	(0.90)	(1.28)
(Profit) / loss on sale of assets, net	(26.14)	24.71
Profit on sale of investment	(0.12)	(3.41)
Bad debts / advances written off / provision for doubtful debts	21.17	234.37
Unrealised foreign exchange differences	29.73	31.21
Liability no longer required written back	(13.66)	(18.76)
Operating profit before working capital changes	5,780.60	8,477.02
Adjustments for working capital		
Inventories	17.19	(278.60)
Trade receivables	(3,604.44)	(1,889.53)
Loan and advances	(2,558.69)	(112.57)
Other assets	(356.57)	(442.45)
Trade payables	2,874.74	109.01
Other liabilities and provisions	111.42	37.66
Cash generated from operations	2,264.25	5,900.54
Income tax paid	(335.36)	(334.05)
Net cash from operating activities	1,928.89	5,566.49
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work-in-progress and capital advances	(12,028.95)	(17,719.34)
Sale of fixed assets	41.49	262.46
Cash flow on sale of wind mills undertaking	51.49	604.96
Advance received against sale of assets	708.00	-
Acquisition of minority interest	-	(1.30)
(Purchase) / sale of current investments, net	172.18	53.04
(Investment) / redemption of bank deposit (having original maturity more than three months)	394.31	(346.05)
(Investment) / redemption of bank deposit (held as margin money or security against guarantees or borrowings)	6,884.76	2,275.86
Advance for investment - given	(611.60)	(1,106.30)
Inter corporate deposit - given	(1,182.40)	(980.10)
Inter corporate deposit - refund	1,503.44	1,080.17

	31 March 2014	31 March 2013
Interest received	2,014.07	2,386.51
Dividend received	97.75	22.15
Net cash used in investing activity	(1,955.46)	(13,467.94)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue and application money in subsidiary to minority interest	2,212.08	280.17
Redemption of preference share capital	(387.86)	-
Repayment of share application money in subsidiary	(30.00)	(1,750.00)
Payment of dividend and dividend tax	(93.60)	(93.24)
Proceeds from long term borrowings	42,316.60	37,300.32
Repayment of long term borrowings	(31,879.67)	(17,350.64)
Proceeds from short term borrowings, net	4,061.93	364.32
Payment of finance costs	(15,884.90)	(14,397.45)
Net cash from financing activities	314.58	4,353.48
Net increase / (decrease) in cash and cash equivalents	288.01	(3,547.97)
Effect of exchange rate changes	0.95	(1.54)
Cash and cash equivalents at the beginning of the year	1,440.83	4,990.34
Cash and cash equivalents at the end of the year	1,729.79	1,440.83

	As at	
	31 March 2014	31 March 2013
Notes		
1 Cash and cash equivalents includes:		
Cash in hand	3.57	24.38
Balances with banks:		
On current account	1,719.02	1,200.22
On deposit account	7.20	216.23
	1,729.79	1,440.83

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/-

M. S. Phani Sekhar

Company Secretary

Place : Hyderabad
Date : 24 May 2014



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

1 Description of business

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

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

2 Significant Accounting Policies

2.1 Accounting convention

The Consolidated Financial Statements of KSK Energy Ventures Limited and its Subsidiaries and Joint Ventures (“the Group” or “the Company”) have been prepared and presented under the historical cost convention on the accrual basis in accordance with Indian Generally Accepted Accounting Principles (GAAP). GAAP comprises Accounting Standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India, the provisions of the Companies Act 2013 (to the extent notified), 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 realisable 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

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

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

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

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

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

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

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

Depreciation has been provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except for assets costing up to Rs. 5,000/- which are fully depreciated in the year of 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 recognized 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.



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

2.7 Capital work in progress

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

Capital work in progress is carried at cost and incidental and attributable expenses including interest and depreciation on fixed assets in use during construction are carried as part of "expenditure during construction period, pending allocation" to be allocated on major assets on commissioning of the project.

In respect of supply-cum-erection contracts, the value of supplies received at site and accepted is treated as capital work in progress.

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

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 / contracted rate. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling at the date of transaction.

Exchange differences arising on account long-term foreign currency monetary items related to the acquisition/construction of fixed assets are capitalised and depreciated over the remaining useful life of the asset.

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.

The premium or discount on forward exchange contract are amortised and recognised as an expense / income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain / loss arising on forward contracts which are long-term foreign currency monetary items is recognised in accordance with above paragraphs.

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

2.9 Derivative Contracts

The Company enters into derivative contracts in the nature of foreign currency options, interest rate swaps and forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions. All other derivative contracts are marked-to market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.10 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.

2.11 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 recognized in the Statement of Profit and Loss.

2.12 Borrowing cost

Borrowing costs include interest on borrowings and amortisation of ancillary cost incurred in connection with the arrangement of borrowings.

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 capitalized.

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

2.13 Leases

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



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

2.14 Earnings per share

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

2.15 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 recognized 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 recognized as an asset only when, and to the extent, there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the 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.

2.16 Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the

asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the 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.

2.17 Provisions and contingencies

Provisions and contingencies

The Company recognises a provision when there is a present obligation as a result of past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Onerous contract

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are 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 Basis of consolidation

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

3.1 Basis of accounting

The financial statements of the Subsidiary / 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" and (AS) 27 "Financial Reporting of Interest in Joint Ventures", notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956.

3.2 Principles of consolidation

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

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

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



Notes to Consolidated financial statements (Continued...)

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

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 realized 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.

3.3 Particulars of Subsidiaries and Joint Ventures:

(% of Shareholding)

S. No.	Name of the Company	Country of incorporation	31 March 2014	31 March 2013
Subsidiary Companies				
1	KSK Narmada Power Company Private Limited	India	100	100
2	KSK Wind Energy Private Limited	India	100	100
3	KSK Vidarbha Power Company Private Limited	India	100	100
4	KSK Wardha Infrastructure Private Limited	India	100	100
5	Sai Maithili Power Company Private Limited	India	52	52
6	KSK Dibbin Hydro Power Private Limited	India	100	100
7	Kameng Dam Hydro Power Limited	India	100	100
8	Arasmeta Captive Power Company Private Limited	India	51	51
9	KSK Electricity Financing India Private Limited	India	100	100
10	VS Lignite Power Private Limited	India	74	74
11	Sai Regency Power Corporation Private Limited	India	73.92	73.92
12	Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)	India	83.93	87
13	KSK Mahanadi Power Company Limited	India	84.67	85.23
14	J R Power Gen Private Limited	India	51	51
15	KSK Upper Subansiri Hydro Energy Limited	India	100	100
16	KSK Jameri Hydro Power Private Limited	India	100	100
17	KSK Dinchang Power Company Private Limited	India	100	100

(% of Shareholding)

S. No.	Name of the Company	Country of incorporation	31 March 2014	31 March 2013
18	Field Mining and Ispats Limited	India	84.98	84.98
19	Tila Karnali Hydro Electric Company Private Limited	Nepal	80	80
20	Bheri Hydro Power Company Private Limited	Nepal	90	90
21	Sai Power Pte LTD	Singapore	100	100
Joint Venture Company				
22	Sitapuram Power Limited	India	49	49

4 Share capital

	As at	
	31 March 2014	31 March 2013
Authorised		
4,000,000,000 (31 March 2013: 4,000,000,000) equity shares of Rs. 10/- each	40,000.00	40,000.00
1,031,500,000 (31 March 2013: 1,031,500,000) preference shares of Rs.10/- each	10,315.00	10,315.00
	50,315.00	50,315.00
Issued, subscribed and paid up		
372,630,454 (31 March 2013: 372,630,454) equity shares of Rs. 10/- each fully paid up	3,726.30	3,726.30
67,000,000 (31 March 2013: 100,000,000) 8% Compulsorily redeemable preference shares of Rs. 10/- each fully paid up (refer note a)	670.00	1,000.00
	4,396.30	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 Rs 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.



Notes to Consolidated financial statements (Continued...)

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

c Equity Shares held by holding company and its subsidiaries

Particulars	As at	
	31 March 2014	31 March 2013
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%

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

Name of the shareholder	As at	
	31 March 2014	31 March 2013
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	18,500,000	20,828,534
% of shares held	4.96%	5.59%
8% Compulsorily redeemable preference shares fully paid up		
L & T Infrastructure Finance Company Limited		
No of shares held	67,000,000	100,000,000
% of shares held	100.00%	100.00%

e Reconciliation of number of shares outstanding

Particulars	As at	
	31 March 2014	31 March 2013
8% Compulsorily redeemable preference shares		
Outstanding at the beginning of the year	100.00	100.00
Redeemed during the year	33.00	-
Outstanding at the end of the year	67.00	100.00

5 Reserves and Surplus

	As at	
	31 March 2014	31 March 2013
Capital redemption reserve		
Opening balance	-	-
Add: Transferred from surplus	330.00	-
	330.00	-
Securities premium		
Opening balance	18,739.90	18,739.90
Less: Premium on redemption of preference shares	57.86	-
	18,682.04	18,739.90
Foreign currency translation reserve		
Opening balance	(1.61)	(0.07)
Add: Movement during the year	0.95	(1.54)
	(0.66)	(1.61)
Surplus		
Opening balance	8,552.57	7,139.75
Add: (Loss) / profit for the year	(1,628.89)	1,505.80
Amount available for appropriations	6,923.68	8,645.55
Appropriations		
Transfer to capital redemption reserve	330.00	-
Preference dividend	79.78	80.00
Dividend distribution tax	13.69	12.98
	423.47	92.98
Balance	6,500.21	8,552.57
	25,511.59	27,290.86

6 Minority Interest

	As at	
	31 March 2014	31 March 2013
Minority interest	6,774.80	6,587.19
Preference share capital in JV entities held by others	35.20	35.20
Share application money in subsidiaries held by others	0.13	112.79
	6,810.13	6,735.18



Notes to Consolidated financial statements (Continued...)

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

7 Borrowings

	As at	
	31 March 2014	31 March 2013
Long-term borrowings		
Secured		
Debentures	640.00	-
Term loans *		
Rupee loans from banks **	64,837.29	52,697.91
Rupee loans from others	30,466.86	31,689.09
Foreign currency loans	20,696.25	28,070.92
Hire purchase loans	-	1.36
Unsecured		
Debentures	210.00	-
Deferred payment liabilities	230.00	230.00
	117,080.40	112,689.28
Short-term borrowings		
Secured		
Loans repayable on demand		
From banks	4,742.75	4,025.32
Foreign currency loans	2,405.31	1,497.77
Loans against letters of credit	4,748.00	2,145.92
Loan against deposit	4,383.55	7,586.20
Unsecured		
Loans repayable on demand		
From related parties	1,490.79	418.09
From others	761.58	1.58
	18,531.98	15,674.88
	135,612.38	128,364.16

* Term loans includes an amount of Rs 8,431.15 in KSK Mahanadi Power Company Limited which is schedule for repayment during financial year 2014-15. The Company has made an application for overrun and also for deferment of repayment schedule with the lenders and is pending. In the opinion of the Company, it will get a favourable response and hence, pending outcome of the same, the above referred amount is classified under long term borrowings.

** Out of the above Rupee term loans from banks, amount of Rs 1,400.43 is guaranteed by KSK Power Ventur plc., the stepup holding company.

a Details of security provided for various credit facilities

KSK Energy Ventures Limited

Rupee term loans from banks are secured by first pari-passu charge on fixed assets, current assets and corporate guarantee of KSK Power Venture plc and KSK Wind Energy Private Limited.

Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)

Rupee term loans from banks and others and long term foreign currency loans 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 loan from bank is secured by first charge on all immovable and movable assets including current assets, both present and future. 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.

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.

Debentures are secured by way of mortgage of company's land and pledge of certain equity shares of VS Lignite Power Private Limited, KSK Mineral Resources Private Limited and Sai Wardha Power Limited (formerly known as Wardha Power Company Limited).

KSK Dibbin Hydro Power Private Limited

Hire purchase loan is secured by pledge of equipment purchased.



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

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 and cash 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, 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 pari-passu 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 pari-passu charge on the entire current assets of the company.

Sai Maithili Power Company Private Limited

Rupee term loan from banks are secured by way of mortgage on all the Company's immovable properties including land and hypothecation of whole of the movable fixed assets and current assets both present and future. Pledge of shares of at least 30% of the total equity shareholding. Corporate guarantee of KSK Energy Ventures Limited and VS Lignite Power Private Limited

- 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	
Debentures				
1	VS Lignite Power Private Limited	640.00	-	The debentures are repayable in structured annual repayments with the last instalment payable by Mar 2025. The debenture carries an internal rate of return of 15% p.a
2	KSK Wind Energy Private Limited	210.00	-	The debentures are optionally convertible into equity shares of Rs 10 /- each after five years and redeemable at the end of ten years from the date of allotment. The coupon rate of interest is 0.01% p.a.
Term loan				
1	KSK Energy Ventures Limited	-	1,400.43	The long term Rupee loans are repayable in half yearly instalments with the last instalment of respective loans are payable by Dec 2014 The long term borrowings carries an weighted average rate of interest of 14.42 % p.a
2	Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)	3,255.00	617.50	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from Jun 2020 to Sep 2022. These loans carry a weighted average interest rate of 13.32% p.a.
3	Sitapuram Power Limited	431.20	53.90	The long term Rupee loan is repayable in quarterly instalments with the last instalment of the loan is payable by Mar 2023. This loan carries a weighted average interest rate of 12.54% p.a
4	VS Lignite Power Private Limited	4,388.72	529.67	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from Nov 2020 to May 2024. These loans carry a weighted average interest rate of 13.05% p.a.



Notes to Consolidated financial statements (Continued...)

(All amounts in Indian Rupees 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	
5	Arasmeta Captive Power Company Private Limited	1,078.00	176.00	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from Dec 2020 to Apr 2021. These loans carry a weighted average interest rate of 13.10% p.a
6	Sai Regency Power Corporation Private Limited	1,815.22	563.66	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from Sep 2020 to Jun 2023. These loans carry a weighted average interest rate of 12.66% p.a.
7	KSK Mahanadi Power Company Limited	84,212.98	-	The long term Rupee loans are repayable in quarterly instalments with the last instalment of respective loans are payable from Sep 2024 to Apr 2026. These loans carry a weighted average interest rate of 14.48% p.a.
8	Sai Maithili Power Company Private Limited	123.03	50.40	The long term Rupee loan is repayable by Nov 2025, in quarterly instalments. The long term borrowings carries an weighted average rate of interest of 14.33 % p.a
Foreign currency loans				
1	Sai Wardha Power Limited (formerly known as Wardha Power Company Limited)	14,965.75	2,394.52	The long term foreign currency loans are repayable in half yearly instalments beginning from November 2018 with the last instalment payable by Aug 2021. The long term foreign currency loans carry a weighted average interest rate of 5.79% p.a.
2	KSK Mahanadi Power Company Limited	5,730.50	9,945.26	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 avilment and the weighted average interest rate is around 1.50%. p.a

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	-	0.92	The hire purchase loan is repayable by Jun 2014 in monthly instalments.
Deferred payment liabilities:				
1	KSK Energy Ventures Limited	230.00	-	Deferred payment liability are repayable in Mar 2018.

8 Deferred tax liability / (assets)

	As at	
	31 March 2014	31 March 2013
Deferred tax liability on account of depreciation	2,129.85	1,583.24
Deferred tax (asset) on account of carry forward of losses	(5,497.82)	(3,266.31)
Deferred tax liabilities/(asset) on expenses allowed/disallowed	113.12	(0.51)
Deferred tax (assets), net as at the end of the year	(3,254.85)	(1,683.58)

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 2014 has been recognized only to the extent the timing differences arising in the current period which does not get reversed within the tax holiday period.

9 Other long term liabilities

	As at	
	31 March 2014	31 March 2013
Creditor for capital goods (including retention money)	2,938.77	3,109.83
Security deposit from customers	131.53	161.82
Other liabilities	1,284.91	-
	4,355.21	3,271.65



Notes to Consolidated financial statements (Continued...)

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

10 Trade payable

	As at	
	31 March 2014	31 March 2013
Dues to other than micro and small enterprises	5,243.76	2,163.39
	5,243.76	2,163.39

As at 31 March 2014 (31 March 2013: 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.

11 Provisions

	As at	
	31 March 2014	31 March 2013
Long-term provisions		
For employee benefits (refer note a)	23.61	51.14
	23.61	51.14
Short-term provisions		
For dividend and tax thereon	19.23	19.36
For taxation (net of advance tax) (refer note b)	93.24	73.49
For provision for mark to market loss on derivative instruments	62.56	-
	175.03	92.85
	198.64	143.99

- 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 2014	31 March 2013
Benefit obligation at the beginning of the year	92.16	83.20
Interest cost	7.26	6.63
Current Service cost	23.49	33.45
Benefits paid	(4.18)	(0.64)
Actuarial (gain) / loss	(49.08)	(30.48)
Benefit obligation at the end of the year	69.65	92.16

Change in the fair value of assets

	As at	
	31 March 2014	31 March 2013
Fair value of plan assets at the beginning of the year	44.15	33.66
Expected return on plan assets	3.92	3.36
Contributions	5.55	7.56
Benefits paid	(4.18)	(0.64)
Actuarial gains/(loss)	0.07	0.21
Fair value of plan assets at the end of the year	49.51	44.15

Experience history

	Year ended			
	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Actuarial (gain) / losses	(49.15)	(30.69)	(18.48)	(12.74)
Experience adjustment				
On account of change in assumption	(44.23)	(0.92)	2.27	(1.36)
On account of change in experience	(4.85)	(29.56)	(20.57)	(11.62)
On plan assets	(0.07)	(0.21)	(0.18)	0.24

Amount recognised in the statement of Profit and Loss

	Year ended	
	31 March 2014	31 March 2013
Current service cost	23.49	33.45
Interest cost	7.26	6.63
Past service cost- (non vested benefits)	-	3.94
Expected return on plan assets	(3.92)	(3.36)
Net actuarial (Gain) / loss recognised in the year	(49.15)	(30.69)
Amount included in personnel expense / other income	(22.32)	9.97

Amount recognized in the Balance Sheet

	As at	
	31 March 2014	31 March 2013
Present value of funded obligations at the end of the year	69.65	92.16
Fair value on plan assets at the end of the year	49.51	44.15
Funded status	(20.14)	(48.01)
Net (liability) / asset recognised in the Balance Sheet	(20.14)	(48.01)



Notes to Consolidated financial statements (Continued...)

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

Asset information

Category of Assets	As at	
	31 March 2014	31 March 2013
Insurer managed funds	100%	100%

Summary of actuarial assumptions

	Period ended	
	31 March 2014	31 March 2013
Discount rate	8.75%	8.06%
Salary escalation	10.00%	15.00%
Attrition rate	15.00%	15.00%
Expected return on plan assets	8.75%	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 2014	31 March 2013
Current maturities of long-term debt	15,732.26	7,396.24
Interest accrued but not due on borrowings	719.64	503.69
Interest accrued and due on borrowings	2,748.55	444.77
Security deposit from customers	37.58	37.58
Salary and bonus payable	146.89	68.21
Share application money in subsidiary held by others	2,063.20	182.40
Creditor for capital goods (including retention money)	13,236.71	19,867.88
Forward cover payable	57.71	-
Derivative liabilities	26.14	-
Statutory liabilities	398.61	308.02
Advance received against sale of assets	708.00	-
Other liabilities	182.52	-
	36,057.81	28,808.79

13 Fixed Assets

Particulars	Gross Block			Depreciation / Amortisation			Net Block	
	As at 1 April 2013	Addi- tions	Deletions	As at 31 March 2014	As at 1 April 2013	For the year	As at 31 March 2014	As at 31 March 2013
Tangible assets								
Land and site development								
Freehold	1,929.12	33.76	171.46	1,791.42	-	-	-	1,791.42
Lease hold	2,513.73	5.42	403.68	2,115.47	76.73	29.10	105.83	2,009.64
Buildings								
Freehold	7,238.58	4,114.02	-	11,262.51	581.37	258.87	836.18	10,426.33
Lease hold	69.94	-	0.07	69.87	43.03	10.46	53.45	16.42
Plant and equipment	38,331.39	31,714.12	-	69,692.69	5,398.06	2,602.74	7,997.20	61,695.49
Railway siding	741.03	74.72	-	838.04	67.86	41.58	109.44	728.60
Furniture and fixtures	77.46	3.02	0.40	80.05	26.60	4.81	31.33	48.72
Vehicles	99.10	5.00	1.40	102.71	35.90	9.71	44.87	57.84
Office equipment	172.89	13.20	0.20	185.86	32.20	9.06	41.21	144.65
Computer	107.94	5.19	0.07	113.06	55.68	15.72	71.36	41.70
Total Tangible assets	51,281.18	35,968.45	577.28	86,251.68	6,317.43	2,982.05	9,290.87	76,960.81
Intangible assets								
Goodwill	2,017.82	25.71	-	2,043.53	-	-	-	2,043.53
Computer software	127.85	10.81	-	138.66	104.45	17.17	121.62	17.04
Total Intangible assets	2,145.67	36.52	-	2,182.19	104.45	17.17	121.62	2,060.57
Capital work in progress								
Intangible assets under development								
As at 31 March 2013								
Tangible assets	50,114.49	1,352.44	297.61	51,281.18	4,006.36	2,321.51	6,317.43	44,963.75
Intangible assets	2,132.29	13.38	-	2,145.67	87.99	16.46	104.45	2,041.22
Capital work in progress								
Intangible assets under development								
								105,871.75
								3.79
								1.01

* Adjustments figures represents changes on account of exchange rate and price variation.



Notes to Consolidated financial statements (Continued...)

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

14 Investments

	As at	
	31 March 2014	31 March 2013
Non-current investments		
Trade investment		
Investment in equity instruments		
(quoted, fully paid up)		
364,418 (31 March 2013: 364,418) equity shares of Rs. 10/- each in Thiru Arooran Sugars Limited	55.81	55.81
(unquoted, fully paid up)		
3,636,363 (31 March 2013: 3,636,363) equity shares of Rs. 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 2013: 101,247.072 @ Rs.1,000.25/-) units each in IDFC Cash Fund - Daily Dividend -Direct plan	-	101.27
Nil (31 March 2013: 6,024,979.585) units of Rs.10.0125/- each in IDFC Ultra Short Term Fund - Daily Dividend -(Direct Plan)	-	60.33
Nil (31 March 2013: 28,701.728 @ Rs.16.1653/-) units each in IDFC Ultra Short Term Fund - Growth -(Direct Plan)	-	0.46
Nil (31 March 2013: 4,989.846) units of Rs. 2,004.07/- each in SBI Magnum Insta Cash Fund Liquid Floater-Regular Plan-Growth	-	10.00
	-	172.06
	215.81	387.87

Aggregate Market value of quoted investment as at 31 March 2014: Rs. 24.42 (31 March 2013: Rs. 193.98)

15 Loans and advances

	As at	
	31 March 2014	31 March 2013
Long-term loans and advances		
Secured, considered good		
Capital advances	1,431.53	9,610.46

	As at	
	31 March 2014	31 March 2013
Unsecured, considered good		
Capital advances	4,008.67	1,470.05
Security deposits	1,143.89	380.93
Prepaid expenses	118.78	12.92
Advance for investment		
related parties	611.60	-
Others	79.61	79.61
Advance tax and TDS receivable (net of provision for tax)	670.38	567.01
	8,064.46	12,120.98
Short-term loans and advances		
Unsecured, considered good		
Inter corporate deposit		
related parties	866.71	922.75
Others	514.01	779.01
Advance for supplies / expenses	523.20	470.48
Prepaid expenses	384.56	493.30
Other receivables		
related parties	15.97	667.76
Others	2,443.18	1,674.90
Security deposit		
related parties	4,202.03	3,111.94
Others	1,547.61	415.16
Unsecured, Doubtful		
Other receivables	134.54	134.54
Less: Provision for doubtful advances	(134.54)	(134.54)
	10,497.27	8,535.30
	18,561.73	20,656.28

Other receivables includes an amount of Rs. 21.69 i.e. group share of 49% of Rs. 44.27 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 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, against which Honourable Court has passed an interim directions to adjust the amounts from monthly electricity bills payable to SPDCL.



Notes to Consolidated financial statements (Continued...)

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

16 Other assets

	As at	
	31 March 2014	31 March 2013
Other non-current assets		
Unsecured, considered good		
Trade receivables	230.00	230.00
Mat credit entitlement	546.55	453.23
Balances with banks;		
Deposits held as margin money or security against guarantees or borrowings	657.58	1,684.44
Interest accrued on deposits and advances	34.75	185.14
Unammortised portion of ancillary cost of arranging the borrowings	505.22	-
Derivative asset	1,175.67	-
	3,149.77	2,552.81
Other current assets		
Unsecured, considered good		
Interest accrued on deposits and advances	675.17	775.86
Unbilled revenue	27.03	23.33
Balances with statutory authorities	1,135.47	782.60
Unammortised portion of ancillary cost of arranging the borrowings	78.64	-
Forward cover receivable	53.77	-
Deferred premium on forward contract	0.70	-
	1,970.78	1,581.79
	5,120.55	4,134.60

17 Inventories

	As at	
	31 March 2014	31 March 2013
(At lower of cost or net realisable value)		
Fuel		
Coal	188.68	350.99
Coal - in - transit	211.91	113.90
Lignite	12.46	14.29
Lime Stone	2.02	2.05
Stores and spares	1,072.67	1,016.75
Stores and spares-in-transit	5.78	12.73
	1,493.52	1,510.71

18 Trade receivables

	As at	
	31 March 2014	31 March 2013
Secured, considered good		
Debts outstanding for a period exceeding six months	812.04	489.96
Other debts	3,925.56	1,114.95
Unsecured, considered good		
Debts outstanding for a period exceeding six months	2,689.61	1,281.08
Other debts	1,774.31	2,711.09
Unsecured, considered doubtful		
Debts outstanding for a period exceeding six months	88.80	88.80
Provision for doubtful debts	(88.80)	(88.80)
	9,201.52	5,597.08

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 2014	31 March 2013
Cash and cash equivalents		
Cash on hand	3.57	24.38
Balances with banks;		
On current account	1,719.02	1,200.22
On deposit account	7.20	216.23
	1,729.79	1,440.83
Other bank balances		
Deposits with bank held as margin money or security against guarantees or borrowings	6,850.44	12,708.34
Deposit having maturity of more than three months	112.99	507.30
	6,963.43	13,215.64
	8,693.22	14,656.47



Notes to Consolidated financial statements (Continued...)

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

20 Revenue from operations

	Year ended	
	31 March 2014	31 March 2013
Sale of electricity	20,993.40	21,910.62
Project development fees	67.46	123.75
Corporate support service fees	46.69	2.19
Other operating income	10.46	33.64
	21,118.01	22,070.20

21 Other Income

	Year ended	
	31 March 2014	31 March 2013
Interest income	966.79	980.73
Dividend income	0.90	1.28
Net gain on sale of current investments	0.12	3.41
Profit on sale of fixed assets, net	26.14	-
Insurance claim received	353.49	-
Miscellaneous income	18.08	21.54
	1,365.52	1,006.96

22 Cost of fuel consumed

	Year ended	
	31 March 2014	31 March 2013
Coal	9,885.47	8,804.05
Lignite	802.14	738.73
Natural gas	1,098.97	953.29
Others	192.20	199.57
	11,978.78	10,695.64

23 Manufacturing expenses

	Year ended	
	31 March 2014	31 March 2013
Consumption of stores and spares	292.22	305.47
Operation and maintenance expenses	827.52	645.78
Cost of import power	96.90	80.52
Raw water charges	280.48	239.66
Repairs and maintenance - plant and equipment	25.38	43.07
	1,522.50	1,314.50

24 Employee benefit expenses

	Year ended	
	31 March 2014	31 March 2013
Salaries, wages and bonus	436.91	399.80
Contribution to provident and other funds	5.85	13.79
Staff welfare expenses	20.66	18.06
	463.42	431.65

25 Other expenses

	Year ended	
	31 March 2014	31 March 2013
Rent	32.81	26.39
Rates and taxes	21.97	23.76
Communication expenses	14.62	14.02
Travel and conveyance	42.77	37.35
Insurance charges	99.23	76.01
Legal and professional charges	164.64	137.81
Generation, transmission and selling expenses	895.42	528.32
Remuneration to auditors	6.78	5.34
Repairs and maintenance		
building	3.65	8.54
others	73.37	66.28
Bad debts / receivables written off	21.17	6.00
Provision for doubtful debts / receivables	-	228.37
Donation	9.06	17.54
Freight outward	127.89	91.70
Foreign exchange loss, net	160.22	70.26
Loss on sale of fixed assets	-	24.71
Miscellaneous expenses	107.92	82.06
	1,781.52	1,444.46



Notes to Consolidated financial statements (Continued...)

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

26 Finance costs

	Year ended	
	31 March 2014	31 March 2013
Interest expense	6,107.77	5,693.10
Other borrowing cost	783.71	324.57
Derivative premium	262.08	-
Loss on derivatives / swap contracts	62.56	-
	7,216.12	6,017.67

The borrowing cost attributable to the acquisition or construction of fixed assets amounting to Rs.10,970.01 (31 March 2013: Rs. 8,662.14) has been capitalised.

27. Contingent liabilities and Commitments

a Contingent liabilities (Group's share)

	As at	
	31 March 2014	31 March 2013
(i) Bank guarantees outstanding	11.41	9.41
(ii) Corporate guarantees outstanding	9,195.51	8,278.25

(iii) Claims against the Group not acknowledged as debt Rs. 593.30 (31 March 2013: Rs.503.61).

(iv) The Group has received claims for Rs. 652.87 (31 March 2013: Rs. 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.

(v) The Company has received a net demand of Rs. 280.30 (31 March 2013 :Rs 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 Rs. 114.85 has been paid against the demand, under protest, and the CIT granted stay of collection of tax till September 2014. 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.

(vi) Sai Wardha Power Limited (SWPL) filed a claim against Maharashtra State Electricity Distribution Company Limited ('MSEDCL') towards recovery of the amount withheld against supply of energy under Power Purchase Agreement

(including penalty on such amount) amounting to Rs. 684. The facility required for generation of an agreed quantum of power, this was not ready as per an agreed schedule on account of unexpected factors beyond the control of the Group, the Group proposed to MSEDCL an arrangement to secure the energy from alternate supplies for the short quantity required to meet the obligation under the power purchase agreement. MSEDCL accepted the proposal and also confirmed that the energy supplied from alternate sources will also be subject to the tariff agreed under the power purchase agreement. However, after initial payments for the period April to June 2010, starting July 2010 to October 2010, MSEDCL did not settle the entire dues billed and the certain amounts were withheld without any explanation. The Group contended before Maharashtra Electricity Regulatory Commission ("MERC") that since the energy supplied and billed was as per the terms agreed and the similar bills of earlier months were paid by MSEDCL, there is no cause to withhold the payments. However, MERC has dismissed the petition. The group has filed an appeal before Appellate Tribunal for Electricity (APTEL) against the order of MERC and APTEL also rejected the appeal. The Group has further filed an appeal before Honourable Supreme Court of India. Pending adjudication, the Group believes that the final outcome of the above dispute should be in favour of the Group and there should be no material impact on the financial statements.

- (vii) SWPL has recognised an amount of Rs. 1,504 out of the total claim amount of Rs. 3,768 relating to quality and price claims made by the Group on Western Coalfields Limited ('WCL') the coal supplier which was rejected by latter. Aggrieved by the same, the Group has filed petition with Competition Commission of India ('CCI'), relating to abuse of dominant position by WCL and Coal India Limited (CIL). The abuse relates to Pricing of Coal under the Coal Supply Agreement and supply of lower quality coal during the financial years 2012-13 and 2013-14. Having found prima facie case of abuse by WCL and CIL, the Commission, on 22nd January, 2014, ordered an investigation by the Director General. The investigation by the office of the Director General is presently underway. Pending the final investigation report and order in this regard by CCI, the Group has continued to recognise the above said amount in respect of quality claim as receivable from WCL.
- (viii) Reliance Infrastructure Limited ('RIL') has deducted an amount of Rs. 893 from the various invoices raised by SWPL on account of capacity charges. As per Group, if availability on a cumulative basis is greater than 75%, then RIL has no cause for recovery of any capacity charge from the invoices whereas the RIL's contention is that on supply of 85 % of Contracted Capacity SWPL shall not be permitted to recover full capacity charges. Hence, the Group has preferred an appeal before Maharashtra Electricity Regulatory Commission ("MERC") and MERC in its order directed RIL to remit the entire amount deducted, as the same were not in accordance with the PPA. MERC also gave the methodology for proportionate reduction in case of a future shortfall in Plant Availability. However RIL has preferred an appeal before APTEL against the order of MERC and also prayed for stay of the order. Pending outcome of the same, the Group has continued to show the entire amount as receivable from RIL.
- (ix) Other current assets include an amount of Rs. 1,114 relating to Central Excise, VAT and Service Tax receivable from the respective departments by SWPL. The SWPL is registered as SEZ unit. A unit in SEZ is allowed to import goods (purchase from local market is also treated as import) without payment of Duty for the purpose of its authorised operations. The exemption from the payment of duties and taxes are provided under Section 26 of the SEZ Act, 2005. In respect of Service Tax, the entire refund claim filed till date are pending before CESTAT. In one of our earlier refund claim for the period March 2009 to June 2009, the CESTAT has already given a favourable order and thus we are confident of getting a favourable order from CESTAT. In respect of VAT claims Group has already received a refund for the financial year ending 2008 and 2009 and the Group is confident to receive the refund for the remaining years as well. However, the excise duty



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

refund claims were rejected by the department stating that there are no provision of refund under the SEZ Act to the Group and the refund if any can be permissible to WCL, the supplier of coal. However the Group has obtained a legal opinion from a reputed lawyer stating that the refund can be processed to the Group since the Group has born the duty burden and accordingly the Group is very confident that the entire amount is receivable.

- (x) MSEDCL imposed Cross Subsidy Surcharge of Rs. 1,237 on the captive users of SWPL which was against the express provisions of the Electricity Act 2003 read with the Electricity Rules, 2005. This arbitrary act of MSEDCL was challenged before the MERC, however, MERC asked Group to pay Cross Subsidy Surcharge on account of not fulfilling the conditions of 51% supply to captive users as per Rule 3 of the Electricity Rules 2005 for the FY 2012-13. Aggrieved by the said order of the MERC, SWPL has filed an appeal before the APTEL. In the view of the Group, MSEDCL ought to have been considered as a factor for non-fulfilment of eligibility criteria as per Electricity Rules, 2005. There could not have been any directions upon Group to be liable for payment of cross subsidy surcharge for the FY 2012-13, since in the event the delay caused by MSEDCL in granting open access to captive customers had not occurred, SWPL would have complied with the above said criteria. In view of the above, the Group believes that there is a good chance of succeeding before the APTEL and hence no adjustment has been made in the financial statements.
- (xi) KMCPL has levied capacity charges and transmission charges to AP Discoms for the period from 16th June, 2013 to 13th August, 2013 amounting to Rs. 873, on account of delayed fulfilment of obligation under the PPA. AP Discoms have rejected those claims and made the counter claim of Rs. 236 for failure to furnish advance final written notice of commencement of supply of power as per article 4.1.2 of PPA. The Group has preferred an appeal before APERC for refund of amount collected by AP Discoms by encashment of bank guarantee. The Group's contention is that since the AP Discoms have failed to fulfil the obligation as per PPA, there is default on part of AP Discoms and the counter claim by AP Discoms is merely to negate the effect of KMPCL claim of capacity charges. Hence, the Group is confident that the final outcome of the case would be in favour of the Group only. Hence the amount is continued to be recognised as receivables in the books of account.
- (xii) KMPCL has levied claim for change in law on AP Discoms amounting to Rs. 2,495 as per Article 10 of the PPA which was rejected by the later. Aggrieved by the same the Group has preferred an appeal before Andhra Pradesh Electricity Regulatory Commission ("APERC") contending that subsequent to execution of the PPA, the Government of India by Presidential Directive amended the coal policy. As per the coal policy existing prior to 17 July 2013, there was no restriction or provision in regard to the nature of the PPA's to be entered into by persons to whom tapering linkages were granted. However, the Presidential Directive restricted the supply of coal to tapering linkages to only when there is a long term PPA. Further, the presidential directive, directs Coal India Limited to enter Fuel Supply Agreement (FSA) for domestic coal of 65% of Annual Contracted Quantity only for the power plants having normal coal linkages and meet the balance FSA obligation by imported coal on a cost plus basis. Accordingly the Group has recognised only Rs. 873 out of the total claim of Rs. 2,495 in books of accounts on a conservative basis. However, pending outcome of the case, the Group is confident the entire amount claimed is fully recoverable.
- (xiii) Service tax department has issued demand order to the Company for payment of service tax amounting to Rs 505.64 (including penalty) relating to the disagreement on availment of Cenvat Credit for the period April 2008 to September 2010 and non -payment of service tax. Further, an amount of Rs. 25.88 has been paid against the demand and the balance demand is stayed. 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 account and not provided for in the Company, its Subsidiaries and Joint Ventures: (Group's share)

	As at	
	31 March 2014	31 March 2013
Estimated value of contracts remaining to be executed on capital account not provided for	59,098.00	57,809.76

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 period ended 31 March 2014 are given below

	As at	
	31 March 2014	31 March 2013
LIABILITIES		
Non-current liabilities		
Long-term borrowings	431.20	485.10
Deferred tax liabilities (net)	60.83	49.80
Long-term provisions	0.42	0.84
	492.45	535.74
Current liabilities		
Short-term borrowings	67.01	75.28
Trade payables	81.45	39.53
Other current liabilities	58.36	167.49
Short-term provisions	11.35	12.14
	218.17	294.44
	710.62	830.18



Notes to Consolidated financial statements (Continued...)

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

	As at	
	31 March 2014	31 March 2013
ASSETS		
Non-current assets		
Fixed assets		
Tangible assets	650.28	693.92
Intangible assets	0.66	1.26
Capital work in progress	0.84	-
Intangible assets under development	1.20	-
Long-term loans and advances	2.25	1.93
Other non-current assets	94.87	79.42
	750.10	776.53
Current assets		
Inventories	45.65	49.53
Trade receivables	266.03	199.50
Cash and bank balances	12.34	145.62
Short-term loans and advances	149.01	121.00
Other current assets	17.75	16.99
	490.78	532.64
	1,240.88	1,309.17

	As at	
	31 March 2014	31 March 2013
Claims against the Company not acknowledged as debt	4.45	4.45

	Year ended	
	31 March 2014	31 March 2013
Income		
Revenue from operations	812.45	835.54
Other Income	4.27	0.23
Expenses		
Cost of fuel consumed	552.61	530.99
Manufacturing expenses	42.50	38.90
Employee benefits expenses	11.30	11.09
Other expenses	27.48	36.80
Finance costs	75.13	82.39
Depreciation and amortisation expenses	45.49	45.38
Profit before tax	62.21	90.22
Provision for tax		
Current tax		
For the year	13.38	18.04
In respect of earlier years	(0.05)	0.30
Less : MAT credit entitlement	(13.40)	(18.27)
Deferred tax	11.02	8.26
Profit after tax	51.26	81.89

29 Operating Leases

The Consolidated entities have entered into certain operating lease agreements. An amount of Rs. 59.79 (31 March 2013: Rs. 72.04) paid under such agreements has been disclosed as "Rent" under other expenses in the Consolidated Profit and Loss statement and expenditure during construction period, pending allocation.

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

	As at	
	31 March 2014	31 March 2013
Lease Obligations		
Within one year of the Balance Sheet date	10.00	0.47
Due between one to five years	39.17	-



Notes to Consolidated financial statements (Continued...)

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

30 Earnings/(loss) per Share (EPS)

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

	Year ended	
	31 March 2014	31 March 2013
Net profit / (loss) after tax and minority interest	(1,628.89)	1,505.80
Less: Preference dividend and tax thereon	93.47	92.98
Net profit / (loss) attributable to shareholders - for basic / diluted EPS	(1,722.36)	1,412.82
Weighted average number of shares outstanding for the purpose of calculation of basic and diluted EPS (in million)	372.63	372.63
Earnings per share – basic / diluted (in Rs.)	(4.62)	3.79

31 Derivative Instruments and Unhedged foreign currency exposure

Derivative contracts entered and outstanding

Particulars	Purpose	As at	
		31 March 2014	31 March 2013
Currency option	Hedge of foreign currency loans	Rs. 9,509.24	-
		US \$ 158.85	-
Interest rate swaps	Hedge against exposure to variable interest outflow on loans	Rs. 9,757.67	-
		US \$ 163.00	-
Forward contract	Hedge of foreign currency loans	Rs. 53.77	-
		US \$ 0.90	-

Particulars of Unhedged foreign Currency Exposure

	As at	
	31 March 2014	31 March 2013
Loans	Rs. 24,297.54	Rs. 30,089.14
	US \$ 405.89	US \$ 550.53
Loans	Rs. 90.45	Rs. 153.95
	Euro 1.10	Euro 2.20
Interest on loans	Rs. 398.30	Rs. 224.29
	US \$ 6.65	US \$ 4.10
Interest on loans	Rs. 0.74	Rs. 2.14
	Euro 0.01	Euro 0.03
Import creditors (including retention money)	Rs. 20,908.10	Rs. 19,713.57
	US \$ 349.26	US \$ 360.69
Receivable	Rs. 677.47	Rs. 298.90
	US \$ 11.32	US \$ 5.47

	As at	
	31 March 2014	31 March 2013
Premium payable	Rs. 26.14 US \$ 0.44	-
Cash with Bank	Rs. 1.32 CNY 0.14	Rs. 1.58 CNY 0.18
Cash with Bank	Rs. 1.43 US \$ 0.02	Rs. 0.39 US \$ 0.01

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.

31 March 2014	Project development activities	Power generating activities	Reconciling/ Elimination activities	Total
Revenue	479.76	21,003.86	(365.61)	21,118.01
Segment Result	325.39	2,116.67	-	2,442.06
Unallocated income (net)				1,365.52
Finance costs				(7,216.12)
Loss before tax				(3,408.54)
Tax income				1,527.61
Loss for the year				(1,880.93)
Segment assets	798.87	205,388.27	(171.49)	206,015.65
Unallocated assets				12,236.05
Total assets				218,251.70
Segment liabilities	46.92	26,979.00	(171.49)	26,854.43
Unallocated liabilities				152,616.05
Total liabilities				179,470.48
Other segment information				
Depreciation / amortisation	14.43	2,915.30	-	2,929.73
Capital expenditure	2.82	16,665.94	-	16,668.76



Notes to Consolidated financial statements (Continued...)

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

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	191,670.80	-	192,560.11
Unallocated assets				9,171.52
Total assets				201,731.63
Segment liabilities	23.21	29,770.72	-	29,793.93
Unallocated liabilities				133,002.96
Total liabilities				162,796.89
Other segment information				
Depreciation / amortisation	20.20	2,244.48	-	2,264.68
Capital expenditure	25.39	35,862.19	-	35,887.58

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 3.3)

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

S No.	Name of the party	Relationship
1	KSK Energy Company Private Limited	Fellow subsidiary
2	Raigarh Champa Rail Infrastructure Private Limited	Fellow subsidiary
3	KSK Mineral Resources Private Limited	Fellow subsidiary
4	KSK Surya Photovoltaic Venture Limited	Fellow subsidiary
5	KSK Water Infrastructures Private Limited.	Fellow subsidiary

S No.	Name of the party	Relationship
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

S No.	Name of the party	Relationship
1	S. Kishore	Whole-time Director
2	K. A. Sastry	Whole-time Director

d Related party transactions

Particulars	31 March 2014		
	Joint venture	Subsidiaries / fellow subsidiaries	KMP
Transactions			
Project development and corporate support fees	2.19	67.46	-
Interest income	-	736.81	-
Interest expense	0.59	119.23	-
Fuel and water charges	-	1,142.03	-
Sale of assets	-	137.52	-
Share application money / loans accepted	120.18	5,842.89	-
Share application money / loans repaid	29.13	2,408.98	-
Loans and advances given (including advance for investments)	-	9,806.47	-
Refund of the loans and advances	-	8,811.46	-
Managerial remuneration	-	-	15.00
Balances at the year end			
Amount receivable	0.56	5,810.92	-
Amount payable	91.58	2,488.05	-
Share application money in subsidiary	-	1,870.80	-
Managerial remuneration payable	-	-	1.10



Notes to Consolidated financial statements (Continued...)

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

Particulars	31 March 2013			
	Joint venture	Subsidiaries / fellow subsidiaries	Holding company	KMP
Transactions				
Project development and corporate support fees	2.19	123.75	-	-
Interest income	29.82	719.51	-	-
Interest expense	-	14.95	-	-
Fuel and water charges	-	938.17	-	-
Sale of assets	-	1.17	-	-
Share application money / loans accepted	-	1,813.82	-	-
Share application money / loans repaid	-	2,001.31	1,750.00	-
Loans and advances given (including advance for investments)	8.93	2,910.63	-	-
Refund of the loans and advances	230.22	2,960.25	-	-
Managerial remuneration	-	-	-	18.00
Balances at the year end				
Amount receivable	5.04	4,707.03	-	-
Amount payable	-	432.56	-	-
Share application money in subsidiary	-	100.00	-	-
Managerial remuneration payable	-	-	-	1.33

- e The Group has given corporate guarantees of Rs.17,297.40 (31 March 2013: Rs.12,854.10) and bank guarantees of Rs.11.41 (31 March 2013: Rs. 9.41) on behalf of fellow subsidiaries.
- f The Group has obtained corporate guarantees of Rs.13,580.00 (31 March 2013: Rs. 12,305.00) from step-up holding company.
- 34 During the year, Sai Wardha Power Limited (formerly known as Wardha Power Company Limited) has refinanced its part of Rupee term loans with External Commercial Borrowing and incurred certain cost related to it. The Group has deferred the expenditure over the tenure of loan in accordance with AS 16 – Borrowing cost.
- 35 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.
- 36 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

for and on behalf of the Board

Sd/-	Sd/-	Sd/-	Sd/-
S. Kishore	K. A. Sastry	M. S. Phani Sekhar	
Whole-time Director	Whole-time Director	Company Secretary	

Place : Hyderabad
 Date : 24 May 2014



CORPORATE SUSTAINABILITY INITIATIVES





KSK ENERGY VENTURES LIMITED

8-2-293/82/A/431/A, Road No. 22, Jubilee Hills,
Hyderabad - 500 033, Telangana, India.
Ph: +91 40 2355 9922 - 25, Fax: +91 40 2355 9930
www.ksk.co.in



KSK ENERGY VENTURES LIMITED

CIN: L45204AP2001PLC057199

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

Hyderabad-500033, Telangana, India, Tel:040 -2355 9922-25 Fax: 040-2355 9930

E-mail: investors@ksk.co.in Website :www.ksk.co.in

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of the Company will be held on Saturday, 27th September 2014 at Plot No.694, Road No.33, Jubilee Hills, Hyderabad - 500 033, India at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March, 2014 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. K. Bapi Raju (DIN: 00940849), who retires by rotation and who being eligible, offers himself for re-appointment as a Director.
3. To appoint M/s. Umamaheswara Rao & Co, Chartered Accountants, Hyderabad, (ICAI, Firm Registration No. 0044535) as Statutory Auditors of the Company to hold office from the conclusion of this meeting for 3 consecutive years till the conclusion of the 17th Annual General Meeting of the Company in the calendar year 2017 (subject to ratification by the shareholders at each Annual General Meeting) and to fix their remuneration.

SPECIAL BUSINESS:

4. Appointment of Mr. T.L. Sankar as an Independent Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. T. L. Sankar (DIN: 00121570), a Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) under the provisions of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from the date of this Annual General Meeting."

5. Appointment of Mr. S. R. Iyer as an Independent Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. S. R. Iyer (DIN: 00580437), a Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) under the provisions of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from the date of this Annual General Meeting."

6. Appointment of Mr. Girish N. Kulkarni as an Independent Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Girish N. Kulkarni (DIN: 00062382), a Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) under the provisions of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years with effect from the date of this Annual General Meeting."

7. Re-appointment of Mr. S. Kishore as Whole-time Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. S. Kishore (DIN No.00006627), be and is hereby re-appointed as Whole time Director of the Company for a period of five years with effect from April 1, 2015 on the terms and conditions including remuneration as set out in the service agreement entered into between the Company and Mr. S. Kishore, the gist of the terms and conditions are given in the Explanatory Statement annexed hereto, with authority to the Board of Directors, including any committee of the Board, to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. S. Kishore, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT for giving effect to the aforesaid resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient in this regard."

8. Re-appointment of Mr. K.A. Sastry as Whole-time Director

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Mr. K.A. Sastry (DIN No.00006566), be and is hereby re-appointed as Whole time Director of the Company for a further period of five years with effect from April 1, 2015 on the terms and conditions including remuneration as set out in the service agreement entered into between the Company and Mr. K. A. Sastry, the gist of the terms and conditions are given in the Explanatory Statement annexed hereto, with authority to the Board of Directors, including any committee of the Board, to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. K.A. Sastry, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT for giving effect to the aforesaid resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be necessary, proper or expedient in this regard."

9. Alteration of Articles of Association

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

10. Borrowing Powers

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special resolution:-

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the Extra-ordinary General meeting of the shareholders of the Company held on 7th February 2008 and pursuant to the provisions of Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby accords its consent to the Board of Directors for borrowing any sum or sums of money from time to time from any one or more of the Company's Bankers and /or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bills discounting or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties whether movable or otherwise or all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose such that the total borrowing shall not exceed Rs. 15,000 Crores (Rupees Fifteen Thousand Crores) excluding of any interest or charges but including the borrowing already availed and the Directors are hereby further authorized to execute such deeds and instruments or writings as they think fit and containing such conditions and covenants as the Directors may think fit."

11. Creation of Charge for Borrowings / Financial assistance availed

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the Extra-ordinary General meeting of the shareholders of the Company held on 7th February 2008 and pursuant to the provisions of Section 180(1)(a) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof) to create mortgages/hypothecation and/or charge in addition to the existing mortgages/hypothecations created/to be created by the Company in such form and manner and with such ranking and on such terms as the Board may determine on all or any of the movable and/or immovable properties and assets, both present and future or substantially the whole of the undertaking(s) or the undertaking(s) of the Company for securing any loan/credit facility obtained or as may be obtained from any lender, financial institution or person or persons from time to time together with interest, costs, charges, expenses and any other money payable by the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/agreements as may be required and do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or expedient."

12. Power to give Loans / Make Investment

To consider and, if thought fit, to pass with or without modification(s), the following resolutions as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of section 186 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and relevant rules made thereunder and in accordance with the provisions of Articles of Association of the Company and subject to further approval of statutory and other authorities as may be necessary and subject to such terms, conditions, stipulations, alterations, and modifications, if any, as may be prescribed and specified by such authorities while granting such approvals and which may be agreed by the Board of directors of the Company (hereinafter referred to as the 'Board' which expression shall include a Committee of directors duly authorised in this behalf) the consent of the Company be and is hereby accorded to the Board of directors of the Company to make/give from time to time, any loan(s) /advances / deposits/investment in shares, debentures and or other securities and to give, on behalf of the Company, any guarantee and/or provide any security in connection with any loan or loans made by any person to, or to any other person by, any other Person(s)/Companies/Body Corporate(s) which shall be subject to aggregate limit of Rs. 15,000 Crores (Rupees Fifteen Thousand Crores) and which may be individual/aggregate in excess of the limits prescribed i.e. over and above 60 % of the aggregate of the paid-up share capital and free reserves and/or upto 100% of the aggregate of free reserves of the Company whichever is more."

By order of the Board of Directors

Sd/-

M.S. Phani Sekhar
Company Secretary

Place: Hyderabad
Date: August 14, 2014
Regd. Off: 8-2-293/82/A/431/A,
Road No.22, Jubilee Hills,
Hyderabad - 500 033.
Ph:040-23559922
Fax: 040-23559930
E-mail:investors@ksk.co.in
CIN: L45204AP2001PLC057199

NOTES:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

3. Pursuant to Clause 49 of the Listing Agreement, additional information on Directors seeking appointment / re-appointment at the annual general meeting is provided as part of Explanatory Statement of this notice.

4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

6. The Register of Members and Share Transfer books will remain closed from 20 September 2014 to 27 September 2014 (both days inclusive) in connection with the Annual General Meeting to be held on 27 September 2014.

7. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting on their behalf.

8. M/s. Karvy Computershare Private Limited, Plot No 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 acts as the Company's Registrar and Share Transfer Agent for physical transfer of shares and all correspondence may be addressed directly to them. In respect of shares held in Electronic form, shareholders may send requests or correspond through their respective Depository Participants.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Registrar.

10. The annual report for the financial year 2013-14 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/depository participants. The annual report is also available on our website, i.e. www.ksk.co.in. The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2013-14 upon sending a request to the Company.

Members who would like to receive all communication including Annual Report, Notices, Circulars, etc. from the Company in electronic mode in lieu of physical copy (in order to save usage of paper) and who have not registered their e-mail addresses so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail addresses:

- in respect of electronic shareholding - through their respective Depository Participants;
- in respect of physical shareholding - by sending a request to the Company's Share Transfer Agent, mentioning therein their folio number and e-mail address.

11. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11:00 a.m. to 3:00 p.m. on any working day till the date of AGM.

12. e-voting:

In compliance with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to provide to the shareholders the facility to exercise their right to vote at the AGM by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited. Members may exercise their vote at any general meeting by electronic means and the Company may adopt any resolution by way of the electronic voting system.

The procedure and instructions for e-voting are provided in a separate note enclosed to the Annual Report.

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos.4 to 12 of the accompanying Notice dated 14th August, 2014

Item No. 4 - 6

Appointment of Independent Directors

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered into with the Stock Exchanges appointed Mr. T.L. Sankar, Mr. S.R. Iyer and Mr. Girish Nilkanth Kulkarni as Independent Directors at various times, in compliance with the requirements of the said clause.

Section 149 of the Companies Act, 2013, requires all listed public companies to have at least one-third of the total number of Board as Independent Directors. Your company complies with the requirement. Further an Independent Director shall hold office for a term upto 5 (five) consecutive years on the Board of the Company and is not liable to retire by rotation.

The following directors on the Board of your company qualify as Independent Directors under Section 149 of the Act and clause 49 of the Listing Agreement.

Mr. T.L. Sankar

Mr. S.R. Iyer

Mr. Girish Nilkanth Kulkarni

These directors were duly appointed under the Companies Act, 1956 as Directors liable to retire by rotation. It is proposed that these Directors be appointed as Independent Directors under Section 149 of the Act read with the amended Clause 49 of the Listing agreement, to hold office for five consecutive years with effect from the date of this Annual General Meeting.

None of the above mentioned Directors are disqualified from being appointed as a Director in terms of Section 164 of the Act and has given their consent to act as a Director. The Company has received a declaration from the Independent Directors that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

Brief resume and other particulars of Mr. T.L. Sankar, Mr. S.R. Iyer and Mr. Girish Nilkanth Kulkarni have been given below under the heading 'Information of Directors proposed to be appointed/reappointed'.

In the opinion of the Board, Mr. T.L. Sankar, Mr. S.R. Iyer and Mr. Girish Nilkanth Kulkarni fulfills the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. They are independent of the management.

Keeping in view their expertise and knowledge, it will be in the interest of the Company that these Directors are appointed as Independent Directors.

Copy of the draft letter for appointment of these Directors as Independent Directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company on any working day during business hours.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

These Directors are interested or concerned in the Resolutions in the accompanying Notice relating to their own appointment. None of the other Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested in the Resolutions at Item Nos.4 to 6 of the accompanying Notice.

Your Directors commends the Ordinary Resolutions set out at Item Nos. 4 to 6 of the Notice for approval by the shareholders.

Item No. 7 & 8

Re-appointment of Whole-time Directors

The Board of Directors of the Company at the meeting held on 14th August 2014 has subject to the approval of the members re-appointed Mr. S. Kishore and Mr. K.A. Sastry as Whole-time Directors of the Company for a further period of five years from the expiry of their present term, which expires on 31st March 2015 at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the members' approval for the re-appointment of the Whole-time Directors and the remuneration payable to them in terms of the applicable provisions of the Act.

Broad particulars of the terms of appointment of Mr. S. Kishore and Mr. K.A. Sastry as Whole-time Directors of the Company are as follows:

Particulars	Details of Appointment
Period	5 years w.e.f. April 1, 2015
Designation	Whole-time Director (WTD)
Duties and Responsibilities	The Whole-time Director shall be in charge of the management of the Company under the supervision, control and direction of the Board.
Remuneration	<ol style="list-style-type: none"> 1. Salary: Not exceeding Rs. 7,50,000 per month (Rupees Seven Lakh Fifty Thousand only), inclusive of all perquisites that may be paid or provided as per the Company's policy. 2. Commission: Commission not exceeding 1.5% of the net profits computed in the manner provided in section 197 (8) of the Companies Act, 2013 3. Minimum Remuneration: In the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, commission, perquisites and other allowances as specified above subject to necessary approvals.
Other Terms and Conditions	<ol style="list-style-type: none"> (i) WTD shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof. (ii) WTD shall not, during the term and for a period of 6 months thereafter, be directly or indirectly engaged in or be concerned or interested in any business which is in any way in competition with or in opposition to any business carried on by the Company. (iii) Either the Company or the WTD may terminate the appointment by giving 6 months' written notice.

The Service Agreement dated 14 August 2014 between the Company and Mr. S. Kishore and Mr. K.A. Sastry is available for inspection by the members at the registered office of the Company between 11.00 a.m. to 3.00 p.m. on any working day upto the date of the Annual General Meeting.

The Whole-time Directors satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for their re-appointment. They are not disqualified from being appointed as Directors in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. S. Kishore and Mr. K.A. Sastry under Section 190 of the Act.

Brief resume and other particulars of Mr. S. Kishore and Mr. K.A. Sastry have been given below under the heading 'Information of Directors proposed to be appointed/reappointed'.

Mr. S. Kishore and Mr. K.A. Sastry are interested in the resolutions set out respectively at Item Nos. 7 and 8 of the Notice, which pertain to their respective re-appointments and remuneration payable to each of them.

The relatives of Mr. S. Kishore and Mr. K.A. Sastry may be deemed to be interested in the resolutions set out respectively at Item Nos. 7 and 8 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board considers that this appointment is in the best interest of the Company. Your Directors recommend the passing of this resolution as an Ordinary Resolution.

Item No. 9

Alteration of Articles of Association

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the recently enacted Companies Act, 2013 (the "Act").

Accordingly, to reflect the regulations of the Act, several regulations of the existing AoA of the Company require alteration/deletions. Hence, it is considered prudent to wholly replace the existing AoA by a new set of Articles. The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act.

The proposed new draft of AoA is available on the Company's website www.ksk.co.in for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 9 of the Notice.

The Board recommends the Special Resolution set forth in Item No. 9 for approval of the shareholders.

Item No. 10

Borrowing Powers

The members of the Company at their Extra-ordinary General Meeting held on February 7, 2008 had approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 authorising the Board of Directors of the Company to borrow upto Rs. 7,500 Crores (Rupees Seven Thousand Five Hundred Crores).

Keeping in view the existing business operations and future growth plans of the Company, it is proposed to increase the borrowing limits of the Board of Directors of the Company to Rs. 15,000 Crores (Rupees Fifteen Thousand Crores only).

Section 180(1)(c) of the Companies Act, 2013 effective from September 12, 2013 requires that consent of the company accorded by way of a special resolution is required to borrow money in excess of the company's paid up share capital and free reserves.

As such, it is necessary to obtain fresh approval of the Members by means of a Special Resolution, to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of the paid-up share capital and free reserves of the Company.

The Board commends the Resolution at Item No.10 of the accompanying Notice for approval by the Members of the Company by a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 10.

Item No. 11

Creation of Charge for Borrowings / Financial assistance availed

The members of the Company at their Extra-ordinary General Meeting held on February 7, 2008 had approved by way of an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 authorising the Board of Directors of the Company to create mortgage and/or charge on all or any of the movable and/or immovable properties and assets both present and future or substantially the whole of the undertaking(s) or the undertaking(s) of the company for securing any loan obtained or as may be obtained from any financial institution or person or persons together with interests, costs, charges and any other money payable by the Company.

Consequent to notification of Section 180(1)(a) of the Companies Act, 2013 consent of the Company is required by way of a Special Resolution to create mortgage and/or charge on the movable/immovable properties and assets of the Company. Accordingly, the approval of the members of the Company by way of Special Resolution is sought to authorise the Board of Directors to create mortgage/hypothecation and/or charge (in addition to the existing mortgages/ charges/ hypothecations created by the Company) on all or any of the movable and/or immovable properties and assets, both present and future or substantially the whole of the undertaking(s) or the undertaking(s) of the Company as set out in Item No.11 of the Notice.

The Board commends the Resolution at Item No.11 of the accompanying Notice for approval by the Members of the Company by a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at Item No. 11.

Item No. 12

Power to give Loans / Make Investment

As per Section 186 of the Act read with the Rules made thereunder, the Board of Directors of a Company can make any loan, investment or give guarantee or provide security beyond the prescribed ceiling of i) 60% of the aggregate paid-up share capital, free reserves and securities premium account or ii) 100% of its free reserves and securities premium account, whichever is more, with prior approval by means of a special resolution passed at the General Meeting of the Company.

The above provisions of Section 186 of the Act are not applicable to a company engaged in the business of providing infrastructural facilities. The Company is in the business of providing infrastructural facilities through special purpose vehicles operated as subsidiaries. Hence, the provisions may not be applicable to the Company. However, not to go strictly by the legal view, but as caution and also with a view to greater transparency, the Board of the Company has decided to place the same before the Shareholders for their approval.

Keeping in view the ongoing projects, capital requirements and to maintain financial flexibility and to achieve long term strategic & business objectives, the approval of the Members is being sought by way of a Special Resolution under Section 186 of the Companies Act, 2013 read with the Rules made thereunder, to give powers to the Board of Directors for making further investments, providing loans or give guarantees or provide security in connection with the loans for an amount of not exceeding Rs. 15,000 Crores (Rupees Fifteen Thousand Crores only).

The investments, loans, guarantees and securities as the case may be, will be made in accordance with the applicable provisions of the Companies Act, 2013 and the relevant rules made there under.

The Board commends the Resolution at Item No.12 of the accompanying Notice for approval by the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the passing of the Resolution at Item No.12 of the accompanying Notice.

By order of the Board of Directors

Sd/-

M.S. Phani Sekhar
Company Secretary

Place: Hyderabad
Date: August 14, 2014
Regd. Off: 8-2-293/82/A/431/A,
Road No.22, Jubilee Hills,
Hyderabad - 500 033.
Ph:040-23559922
Fax: 040-23559930
E-mail:investors@ksk.co.in
CIN: L45204AP2001PLC057199

Information of Directors proposed to be appointed/reappointed in terms of Clause 49 of the Listing Agreement

Name of the Director	Mr. K. Bapi Raju	Mr. T.L. Sankar	Mr. S.R. Iyer
Date of Birth	2 March 1964	21 March 1934	28 May 1940
Date of Appointment	21 December 2007	20 April 2001	12 May 2005
Qualifications	B.Tech	M.Sc., M.A.	B.Sc., CAIIB
Brief Resume and Expertise in specific functional area	Mr. K. Bapi Raju has a Bachelor of Science degree in Electronics and Communications from Andhra University and has more than two decades of experience in the information technology industry. He leads the corporate affairs function of the Group and is also actively involved in formulating its corporate strategy.	Mr. T.L. Sankar is renowned in India as an energy expert, having received the Padma Bhushan title in India and has more than four decades of experience in the sector, including Secretary of the Fuel Policy Committee (1970-75), the Principal Secretary of the Working Group on Energy Policy (1978-79), as a member of the Advisory Board on Energy, Government of India and a member of the Integrated Energy Policy Committee formed by the Planning Commission, Government of India. Mr. Sankar also served as the Chairman of the Andhra Pradesh State Electricity Board, the state power utility in southern India. Currently, Mr. Sankar is the Chairman of the Expert Committee for the comprehensive review and recommendation of a road map for the coal sector in India.	Mr. S. R. Iyer has a distinguished career as a Banker spanning over 40 years. He has vast knowledge and rich experience in the banking industry. He was the first Executive Chairman of the Credit Information Bureau (India) Limited. He was earlier the Managing Director of State Bank of Mysore and State Bank of India and also a director of all the seven associate banks and two overseas and six domestic subsidiaries of the State Bank of India. He has also served as a director of National Stock Exchange of India Limited and GE Capital Business Process Management Services Private Limited. Mr. Iyer is presently associated as an Independent Director with various companies and with the National Dairy Development Board as a member of its Investment Committee and with Aditya Birla Finance as the Chairman of its Infrastructure Finance Committee.
Directorships held in other Companies (excluding foreign companies)	Sai Regency Power Corporation Private Limited VS Lignite Power Private Limited KSK Electricity Financing India Private Limited Sai Maithili Power Company Private Limited KSK Narmada Power Company Private Limited KSK Vidarbha Power Company Private Limited KSK Wind Energy Private Limited Anita Impex Limited J R Power Gen Private Limited	KSK Surya Photovoltaic Venture Limited Zenith Energy Services Private Limited	IDMC Limited Kannada Prabha Publications Limited KSK Mahanadi Power Company Limited P N Writer and Company Private Limited Sai Wardha Power Limited (Formerly Wardha Power Company Limited) Waterfield Advisors Private Limited Waterfield Financial and Investment Advisors Private Limited Writer Lifestyle Private Limited Writer Safeguard Private Limited Zodiac Clothing Company Limited
Committee Memberships / Chairmanships	J R Power Gen Private Limited Audit Committee - Member	Zenith Energy Services Private Limited Audit Committee - Chairman KSK Energy Ventures Limited - Audit Committee - Member - Shareholders / Investors Grievance Committee - Chairman	Zodiac Clothing Company Limited Audit Committee - Chairman IDMC Limited Audit Committee - Chairman KSK Energy Ventures Limited Audit Committee - Chairman P N Writer and Company Private Limited

		KSK Surya Photovoltaic Venture Limited Audit Committee - Member	Audit Committee - Chairman Writer Lifestyle Private Limited Audit Committee - Chairman Writer Safeguard Private Limited Audit Committee - Chairman
Shareholding, if any, in the Company	Nil	Nil	Nil
Relationship with other directors	None	None	None

Name of the Director	Mr. Girish N Kulkarni	Mr. K.A. Sastry	Mr. S. Kishore
Date of Birth	7 July 1966	2 August 1959	25 June 1962
Date of Appointment	26 July 2002	1 April 2004	1 April 2004
Qualifications	B.Tech	Chartered Accountant	Chartered Accountant
Brief Resume and Expertise in specific functional area	Mr. Girish Kulkarni has approximately 25 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 Limited and 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. He is an 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 for investment in public and private equities and real estate projects in India.	Mr. Sastry has a Bachelor of Commerce degree from Osmania University, Hyderabad, and is a Chartered Accountant. He leads the project execution and operations activities in addition to being responsible for financial accounting, taxation and human resources functions. Prior to incorporating KSK, he advised many companies on financial consulting, audit, company law and foreign investment regulations.	Mr. S. Kishore has a Bachelor of Commerce degree from Osmania University, Hyderabad, and is a Chartered Accountant. He leads the business development and capital raising (both equity and debt) initiatives of KSK Group. Prior to incorporating KSK, he was a financial advisor and consultant for major domestic as well as international businesses in emerging technology areas and advised multiple energy companies/ utilities/ market entrants since the early 1990s.
Directorships held in other Companies (excluding foreign companies)	Cocoberry Restaurants and Distributors Private Limited DQ Entertainment (International) Limited Empays Payment Systems India Private Limited Enzen Global Solutions Private Limited Gatil Properties Private Limited GNS Outsourcing Private Limited Phoenix Living Spaces Private Limited Servion TGlobal Solutions Limited Suyash IT Services Private Limited	VS Lignite Power Private Limited Sai Wardha Power Limited (Formerly Wardha Power Company Limited) Arasmeta Captive Power Company Limited Sai Regency Power Corporation Private Limited Sitapuram Power Limited K&S Consulting Group Private Limited K&S Holdings & Consulting Private Limited Kameng Dam Hydro Power Limited	VS Lignite Power Private Limited Sai Wardha Power Limited (Formerly Wardha Power Company Limited) Arasmeta Captive Power Company Limited Sai Regency Power Corporation Private Limited Sitapuram Power Limited K&S Consulting Group Private Limited K&S Holdings & Consulting Private Limited Kameng Dam Hydro Power Limited

	Suyash Outsourcing Private Limited Topwave Trading Company Private Limited	KSK Dibbin Hydro Power Private Limited KSK Dinchang Power Company Private Limited KSK Investment Advisor Private Limited KSK Jameri Hydro Power Private Limited KSK Mahanadi Power Company Limited KSK Upper Subansiri Hydro Energy Limited KSK Wardha Infrastructure Private Limited Anita Impex Limited JR Power Gen Private Limited	KSK Dibbin Hydro Power Private Limited KSK Dinchang Power Company Private Limited KSK Investment Advisor Private Limited KSK Jameri Hydro Power Private Limited KSK Mahanadi Power Company Limited KSK Upper Subansiri Hydro Energy Limited KSK Wardha Infrastructure Private Limited Anita Impex Limited JR Power Gen Private Limited
Committee Memberships / Chairmanships	Servion T Global Solutions Limited Audit Committee-Member KSK Energy Ventures Limited Audit Committee - Member DQ Entertainment (International) Limited Audit Committee - Member Investors Grievance Committee - Chairman	Sai Wardha Power Limited (Formerly Wardha Power Company Limited) Audit Committee - Member Sitapuram Power Limited Audit Committee - Chairman Arasmeta Captive Power Company Limited Audit Committee - Member VS Lignite Power Private Limited Audit Committee - Chairman Sai Regency Power Corporation Private Limited Audit Committee - Member KSK Mahanadi Power Company Limited Audit Committee - Chairman JR Power Gen Private Limited Audit Committee - Member KSK Energy Ventures Limited Shareholders / Investors Grievance Committee - Member	KSK Mahanadi Power Company Limited Audit Committee - Member Arasmeta Captive Power Company Limited Audit Committee - Member Sai Regency Power Corporation Private Limited Audit Committee - Chairman VS Lignite Power Private Limited Audit Committee - Member Sai Wardha Power Limited (Formerly Wardha Power Company Limited) - Audit Committee - Chairman KSK Energy Ventures Limited Shareholders / Investors Grievance Committee - Member JR Power Gen Private Limited Audit Committee - Member
Shareholding, if any, in the Company	100	Nil	Nil
Relationship with other directors	None	None	None



KSK ENERGY VENTURES LIMITED

CIN: L45204AP2001PLC057199
 Registered Office: 8-2-293/82/A/431/A, Road No.22, Jubilee Hills,
 Hyderabad-500033, Telangana, India, Tel:040 -2355 9922-25 Fax: 040-2355 9930
 E-mail: investors@ksk.co.in Website :www.ksk.co.in

ATTENDANCE SLIP

I/we, hereby record my/our presence at the 14th Annual General Meeting of the Company held on Saturday, the 27th September 2014 at 11.00 am at Plot No. 694, Road No. 33, Jubilee Hills, Hyderabad - 500033, India and at every adjournment thereof.

DP ID:	Regd. Folio/ Client ID No.:	
No. of Shares held:		
Name and Address of the Shareholder(s):		
If Shareholder(s), please sign here		If Proxy, please mention name and sign here
		Name of Proxy
		Signature

Notes :

- Shareholder / Proxy-holder, as the case may be, is requested to produce the attendance slip duly signed at the entrance of the Meeting venue.
- Members are requested to advise the change of their address, if any, to Karvy Computershare Pvt. Ltd.



KSK ENERGY VENTURES LIMITED

CIN: L45204AP2001PLC057199
 Registered Office: 8-2-293/82/A/431/A, Road No.22, Jubilee Hills,
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 E-mail: investors@ksk.co.in Website :www.ksk.co.in

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s).....

Registered address:.....

E-mail id :.....

Folio No./Client ID:.....

DPID :

I/We, being the member(s) of..... shares of KSK Energy Ventures Limited, hereby appoint

- Name:
 Address:
 E-mail Id: Signature:, or failing him
- Name:
 Address:
 E-mail Id: Signature:, or failing him
- Name:
 Address:
 E-mail Id: Signature:, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 14th Annual General Meeting of the company, to be held on the 27th September 2014 At 11.00 a.m. at Plot No. 694, Road No. 33, Jubilee Hills, Hyderabad-500 033 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I/We wish my above proxy(ies) to vote in the manner as indicated in the box below :

Resolutions	For	Against	Abstain
1. Adoption of the audited Balance Sheet as at and the Statement of Profit and Loss for the financial year ended 31st March 2014 and the Reports of the Directors and Auditors thereon			
2. Re-appointment of Mr. K. Bapi Raju, Director who retires by rotation			
3. Appointment of Auditors and fixation of their remuneration			
4. Appointment of Mr. T.L Sankar as an Independent Director			

Resolutions	For	Against	Abstain
5. Appointment of Mr. S. R. Iyer as an Independent Director			
6. Appointment of Mr. Girish N. Kulkarni as an Independent Director			
7. Re-appointment of Mr. S. Kishore as Whole-time Director			
8. Re-appointment of Mr. K. A. Sastry as Whole-time Director			
9. Alteration of Articles of Association			
10. Borrowing Powers			
11. Creation of charge for Borrowings / Financial Assistance availed			
12. Power to give loans / make investments			

Signed this..... day of..... 2014

Signature of shareholder _____

Signature of Proxy holder(s) _____



**This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. Alternatively, you may mention the number of shares in the appropriate column in respect of which you would like your proxy to vote. If you leave all the columns blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

Notes :

- 1. This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company at 8-2-293/82/A/431/A, Road No.22, Jubilee Hills, Hyderabad-500033, Telangana, India, not less than 48 hours before the commencement of the Meeting.**
- 2. A proxy need not be a member of the Company.**
- In case the appointer is a body corporate, the proxy form should be signed under its seal or be signed by an officer or an attorney duly authorized by it and an authenticated copy of such authorisation should be attached to the proxy form.
- A person can act as proxy on behalf of such number of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent, of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.