

**Annual Report & Accounts 2009-2010**



**Energy Development Company Limited**

**15TH**  
**ANNUAL REPORT & ACCOUNTS**  
**2009 - 2010**



ENERGY DEVELOPMENT  
COMPANY LIMITED

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**Annual General Meeting on Monday,  
the 13th day of December, 2010 at 3.00 P.M.  
at Harangi Hydroelectric Project,  
Vill. - Hulugunda, Taluka Somawarpet,  
Dist. Kodagu, Karnataka - 571 233.**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Chairman

Mr. Amar Singh

#### Executive Director

Mr. Sanjiv Saraf

#### Directors

Mr. Amitabh Bachchan

Mr. Gouri Prasad Goenka

Mr. Harshavardhan Neotia

Mr. Inder Chand Jain

Mrs. Pankaja Kumari Singh

Mr. Sanjay Kumar Gupta

#### Dy. Company Secretary

Mrs. Sunnoo Bahri

#### Statutory Auditors

M/s. Lodha & Co.

*Chartered Accountants*

#### Registered Office

Harangi Hydroelectric Project

Village – Hulugunda, Taluka – Somawarpet

District – Kodagu, Karnataka – 571 233

#### Corporate Office

EDCL HOUSE

1A, Elgin Road, Kolkata - 700020

#### Principal Bankers

ABN AMRO Bank

Allahabad Bank

ICICI Bank Limited

The Federal Bank Limited

Yes Bank Limited

#### Audit Committee

Mr. Sanjay Kumar Gupta (Chairman)

Mr. Harshavardhan Neotia

Mr. Inder Chand Jain

#### Shareholders' & Investors'

##### Grievance Committee

Mrs. Pankaja Kumari Singh (Chairperson)

Mr. Amar Singh

Mr. Sanjiv Saraf

#### Registrar & Share Transfer Agent

Niche Technologies Private Limited

D-511, Bagree Market, 5th Floor

71, Biplabi Rash Behari Basu Road

Kolkata – 700 001

#### Stock Exchanges where Company's

##### Shares are listed

Bombay Stock Exchange Limited

National Stock Exchange of India Limited



## NOTICE TO THE MEMBERS

Notice is hereby given that the **FIFTEENTH ANNUAL GENERAL MEETING** of the members of the Company will be held at its Registered Office at Harangi Hydroelectric Project, Village – Hulugunda, Taluka – Somawarpet, District – Kodagu, Karnataka – 571 233, on Monday, the 13th day of December, 2010 at 3:00 P. M. to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date, together with the reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To elect a Director in place of Mr. Amar Singh, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in place of Mr. Harshavardhan Neotia, who retires by rotation and being eligible offers himself for re-appointment.
5. To elect a Director in place of Mr. Sanjiv Saraf, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board  
For Energy Development Company Limited

Place : Kolkata

Date : 15th November, 2010

Sd/- **Sunnoo Bahri**  
Dy. Company Secretary

### Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting.
2. Proxy form is sent herewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 09.12.2010 till 13.12. 2010 (both days inclusive).
4. The dividend on equity shares when declared at the Annual General Meeting, will be paid to the shareholders, whose names stand on the Register of Members, as on 13th December, 2010.
5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the company for payment of the dividend, if declared. The Company or its Registrar cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank account details or mandates. Such changes are to be intimated only to the respective Depository Participant of the Shareholders.
6. As required by the Listing Agreement, details of the Directors retiring by rotation (item no.3, 4 & 5 of notice) and are eligible for re-appointment is annexed herewith.
7. Please intimate any change in your address to the Registrar and share transfer agent of the Company.



## ANNEXURE TO THE NOTICE OF 15TH ANNUAL GENERAL MEETING

### PARTICULARS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

NAME OF DIRECTOR	MR. AMAR SINGH	MR. HARSHAVARDHAN NEOTIA	MR. SANJIV SARAF
Status of Directorship	<i>Chairman, Executive Director</i>	<i>Independent Non- Executive Director</i>	<i>Executive Director</i>
Date of Birth	27.01.1956	19.07.1956	13.05.1955
Date of appointment	05.02.1996	22.06.2002	18.03.2002
Qualification	B. A., LL.B	B. Com. (H), Owner President Management (OPM) from Harvard Business School, U.S.A.	B. Tech, M. Tech from B.H.U. (Varanasi)
Expertise in specific functional areas	Mr. Amar Singh is a member of Rajya Sabha since November 1996 and an eminent politician. He is an expert in Management.	Mr. Harshavardhan Neotia is a businessman and renowned name in the industrial circle. He had been conferred with the Padma Shri Award by the Government of India. He is possessed with great entrepreneurial skills.	Mr. Sanjiv Saraf has vast experience of 33 years in Electrical Engineering and Hydro Electric Projects.
Directorship in other Companies	A B Corp Limited	<ul style="list-style-type: none"> <li>• Bengal Ambuja Housing Development Ltd.</li> <li>• Bengal Ambuja Metro Development Ltd.</li> <li>• Ambuja Housing &amp; Urban Infrastructure Co. Ltd.</li> <li>• Ambuja Realty Development Ltd.</li> <li>• GGL Hotel &amp; Resort Company Ltd.</li> <li>• Ganapati Parks Ltd.</li> <li>• Neotia Healthcare Initiative Ltd.</li> <li>• Choicest Enterprises Ltd.</li> <li>• Udayan Greenfield Developers Ltd.</li> <li>• AIPL Ambuja Housing &amp; Urban Infrastructure Ltd.</li> <li>• Luxmi Township Ltd.</li> <li>• SAREGAMA India Ltd.</li> <li>• Dwarikesh Sugar Industries Ltd.</li> <li>• National Aviation Company of India Ltd.</li> <li>• Park Hospitals (Sec 25 Co.)</li> <li>• Ganapati Hospitals (Sec. 25 Co.)</li> <li>• Indian Chamber of Commerce, Calcutta</li> <li>• Shopping Centres Association of India (Sec. 25 Co.)</li> <li>• RKBK Fiscal Services Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• EDCL Power Projects Ltd.</li> <li>• EDCL Infrastructure Ltd.</li> <li>• Ester (India) Chemicals Ltd.</li> <li>• Ayyappa Hydro Power Ltd.</li> <li>• Heinzmann India Pvt. Ltd.</li> </ul>
Chairman (C) / Member (M) of Committees of the Board of Companies of which he is a Director	2	7	1
Number of Shares / Warrants held in the Company as on 31.03.2010.	14,58,453 Shares	NIL	10,000 Shares



## DIRECTORS' REPORT TO THE SHAREHOLDERS

To The Shareholders,

Your Directors have pleasure in presenting **FIFTEENTH ANNUAL REPORT** and Audited Statements of Accounts for the year ended 31st March, 2010.

### FINANCIAL RESULTS

The Financial Results of the Company for the year ended on 31st March, 2010 are summarized as under:-

	As on 31.03.2010 (Rupees)	As on 31.03.2009 (Rupees)
Gross Turnover	315,831,677	1,172,362,388
Operating Profit before Interest, Depreciation & Tax	178,714,427	269,017,951
Interest and other Financial Charges	4,901,260	5,922,062
Depreciation	33,826,767	38,360,685
Net profit before Tax	139,986,401	224,735,204
Provision for Income Tax & F.B.T.	23,816,039	31,700,000
Provision for Deferred Tax	2,101,953	25,267,488
Net profit after Tax	114,068,409	167,767,716
Add: Balance brought forward from previous year	377,606,840	242,012,749
Profit available for appropriation	491,675,249	409,780,465
Proposed Dividend	27,500,000	27,500,000
Corporate Tax on Dividend	4,673,625	46,73,625
Balance to be carried forward	459,501,624	377,606,840

### DIVIDEND

Your Directors recommend payment of dividend @ 10 % i.e. Re.1/- per equity share of Rs.10/- each. The amount of dividend and tax thereon aggregates to Rs.3.217 crores.

### OPERATIONS

The Company is engaged in power generation and other infrastructure development businesses such as construction of roads, power plants, bridges, buildings and operation and maintenance of power plants etc. Detailed information on the operations of different business segments of the company are covered in Management Discussion and Analysis Report, attached herewith.

### NEW CONTRACTS

During the financial year ended on 31.03.2010 the company has received following new contracts :

- i. Sub-contract for supply and erection of 33/11 KV and LT systems, distribution, sub-stations etc. in the state of Manipur, for Rs.56.70 crores to be completed in 18 months.
- ii. Contract for "Earthwork in filling with required compaction in Railway embankment approach road, back filling of platform wall etc. blanketing, turfing, construction of minor bridges etc. and other miscellaneous works" from Eastern Railway, Kolkata, for Rs. 19.50 Crores to be completed in 15 months.

### SUBSIDIARY COMPANIES

The Company had following subsidiaries as on 31st March, 2010 :

1. **Ayyappa Hydro Power Limited** is continued to be a 100% subsidiary of the Company.

The Company is executing a 15 MW Karikkayam Hydel Power Project, in the State of Kerala. The Project is scheduled



to be completed in two phases. It is proposed to sale the entire generation from this unit to the Kerala Electricity Board under Long term Power Purchase Agreement (PPA). The PPA is yet to be signed. Barring unforeseen circumstances the first phase of the project is likely to be operational in the financial year 2010-11.

2. **EDCL Power Projects Limited** became 100% subsidiary of the Company, during the year. The 7 MW Ullunkal Hydro Electric Project has been transferred to this company, w.e.f. 01.04.2009.

The statement pursuant to section 212 of the Companies Act, 1956 in respect of the subsidiary companies, is separately annexed and forms part of the Annual Report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Pursuant to Clause 49 of the Listing Agreement with the stock exchanges, the Management Discussion and Analysis Report for the year under review, is given under a separate section and forms part of this Report.

#### **MATERIAL CHANGES AND COMMITMENTS**

During the current Financial Year (from 01.04.2010 to the signing of this report)

- a) Your Company has received various contracts for construction / replacement of bridges by the Government of Tripura valued at approx. Rs. 81.53 Crores, to be completed in 2 years.
- b) The Company has also received letters of intent from the Government of Bihar for supply of main generating equipment / auxiliaries etc. for its power projects for one year, valued at approx. Rs. 11.41 Crores.
- c) In the previous year the company has been allotted 7 Hydro Electric Projects of various sizes, aggregating 270 MWs on BOOT basis, by the Government of Arunachal Pradesh. After detailed studies the capacity of these projects have been enhanced by 103 MWs. In addition the company has also been allotted 3 new Hydro Electric Projects aggregating 143 MWs on BOOT basis. Accordingly, the company now has altogether 10 projects having an aggregate capacity of 516 MWs in Arunachal Pradesh.
- d) The 6 MW Harangi Stage II, Hydro Electric Power Plant at Hulugunda Village, Harangi Dam site, Kodagu District has been commissioned w.e.f. 30th August, 2010.
- e) The Scheme of arrangement under Section 391 and 394 of the Companies Act, 1956, entered into between Energy Development Company Limited, and it's wholly owned subsidiaries viz., EDCL Power Projects Limited and Dhanashree Projects Limited have been sanctioned by the Hon'ble High Courts at Bangalore and Calcutta. Vide these Orders Dhanashree Project Limited has been amalgamated with the Company and 7 MW Ullunkal Hydro Electric Project has been transferred to EDCL Power Projects Limited w.e.f. 01.04.2009.

#### **CORPORATE GOVERNANCE**

The Company has complied with all the mandatory requirements of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement with the stock exchanges. A report on Corporate Governance together with the Auditor's Certificate on the compliance of conditions of Corporate Governance is given in a separate section and forms part of the Annual Report. Further, a declaration signed by the Executive Director, affirming compliance with the Code of Conduct by all the Board members and senior management personnel along with a Certificate from the Executive Director (CEO) / Dy. General Manager – Commercial (CFO) required under clause 49(V) of the Listing Agreement are also given therein.

#### **CONSOLIDATED FINANCIAL STATEMENTS**

The directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries, viz. Ayyappa Hydro Power Limited and EDCL Power Projects Limited, as prepared in compliance with the accounting standards and listing agreements.

**DIRECTORS**

Mr. Amar Singh, Mr. Harshavardhan Neotia and Mr. Sanjiv Saraf, Directors, retire by rotation and being eligible offer themselves for re-appointment. Your Board has also received Form 'DD-A' pursuant to the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming that they have not incurred any disqualification under Section 274(1)(g) of the Companies Act, 1956. Your Board recommends their re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 with regard to the Directors' Responsibility Statement, your Board confirms that:-

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures;
- (b) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year on 31st March, 2010 and of the Profit or Loss of the company, for the year ended on that date;
- (c) 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;
- (d) the annual accounts have been prepared on a going concern basis.

**PARTICULARS OF ENERGY CONSERVATION, ETC.**

Particulars in respect of conservation of energy and technology absorption required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are given in a separate annexure, attached hereto and forms part of this report. There is no foreign exchange earning or outgo.

**AUDITORS**

The Auditors, M/s. Lodha & Co., Chartered Accountants, vacate their office at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate to the effect that their proposed appointment, if made will be in accordance with the limits specified under Section 224 (1B) of the Companies Act, 1956. Your Board recommends their re-appointment from the conclusion of the ensuing Annual General Meeting, till the conclusion of the next Annual General Meeting.

**PERSONNEL**

Particulars of employees, as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are given in a separate annexure, attached hereto and forms part of this report.

**ACKNOWLEDGEMENTS**

Your Directors express their sincere appreciation to the Banks, Central and State Governments and the Company's valued investors for their continued co-operation and support.

Your Directors wish to acknowledge the support and valuable contributions made by the employees, at all levels.

For and on behalf of the Board  
For **Energy Development Company Limited**

Place : New Delhi

Date : 15th November, 2010

Sd/- **Amar Singh**  
(Chairman)





## ANNEXURE TO THE DIRECTORS' REPORT

### INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

#### (A) CONSERVATION OF ENERGY

Electricity is consumed mainly in the offices for the purposes of lightning and running air – conditioner and computers etc. It is also consumed in the Power Plants and Power House auxiliaries mainly for running governor, cooling water pumps, and ventilation, air conditioning and lighting purposes. Effective energy conservation measures are being taken in general and also ensuring that electricity consumption are kept at the minimum.

The company does not fall under the category of industries specified in the schedule to the said Rules, accordingly, information in Form A, is not required to be given.

#### (B) TECHNOLOGY ABSORPTION

Every effort was made to ensure that various equipments relating to the company's power projects correspond to state of the art technology. No specific expenditure on Research and Development is envisaged.

### PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Employed throughout the year and in receipt of the remuneration of Rs. 24 lacs or more per annum.

Sl. No.	Name	Age (years)	Designation	Total Remuneration (Rs.)	Qualification	Experience (Years)	Date of Joining	Previous Employment	Percentage of Equity shares held in the Company
1.	Mr. Amar Singh	54	Chairman	4,800,000	B. A., LLB	34	01.08.2006	Managing Director of Energy Development Company Ltd.	5.303%
2	Mr. Sanjiv Saraf	55	Executive Director	2,720,000	B.Tech, M.Tech	33	01.08.2002	—	0.036%

#### Notes :

- 1) Remuneration includes salary and House Rent Allowance.
- 2) Appointment of Mr. Amar Singh is made for a period of five (5) years w.e.f 01/08/2006. Other terms and conditions are as per the Shareholders' Resolution and Rules of the Company.
- 3) Appointment of Mr. Sanjiv Saraf is made for a period of three (3) years w.e.f 01/04/2008. Other terms and conditions are as per the Shareholders' Resolution and Rules of the Company.
- 4) Mr. Amar Singh is husband of Mrs. Pankaja Kumari Singh, Director.



## THE REPORT ON **CORPORATE GOVERNANCE** FOR THE YEAR ENDED ON 31.03.2010

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company strongly believes that sound principles of Corporate Governance are important key to success, as they enhance the ability to secure the confidence of its stakeholders. The Company's Corporate Governance initiative is based on three core principles:

- (i) Management must have the executive freedom to drive the enterprise forward without undue restraints.
- (ii) This freedom of management should be exercised within a frame work of effective accountability.
- (iii) Open, transparent and merit based Management.

### BOARD OF DIRECTORS

The Board of the Company is represented by well known people from different walks of life. They are reputed and successful professionals, businessmen, politician and film personality. They are well recognized in the society for their contributions and achievements in their respective fields of expertise.

As on 31st March, 2010, Company's Board consists of 8 (eight) Directors, comprising of 2 (two) Executive Directors, 1 (one) Non – Executive Directors and 5 (five) Independent Directors. Thus, the composition of Board is in conformity with clause 49 of the Listing Agreement, which stipulates that at least 50 percent of the Board should consists of independent, if the Chairman of the Board is an Executive Director.

### Board Meetings

The Board of Directors met five (5) times during the year. The maximum time gap between any two consecutive meetings did not exceed four months. The dates of the Board meetings along with attendance of the Directors are as under :-

Sl. No.	Date of Board Meeting	Board Strength	No. of Directors Present
1.	26.04.2009	8	5
2.	30.06.2009	8	4
3.	05.07.2009	8	3
4.	29.10.2009	8	5
5.	27.01.2010	8	4

### Directors' attendance record and Directorship held

None of the Directors on the Board is holding membership of more than 10 Committees and Chairmanship of more than 5 Committees across all the companies in which he / she is a Director. All the Directors have made the necessary disclosures regarding Committee positions. The details of the Directors' attendance record at the Board Meetings and at the last Annual General Meeting, their Directorship and Committee membership in other Companies held during the Year is given below :-

Sl. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM held on 16.09.2009	No. of Directorship in the Board of other Companies as on 31.03.2010	No. of Membership held in Committees of Board of other Companies as on 31.03.2010*	No. of Chairmanship held in Committees of Board of other Companies as on 31.03.2010*
1.	Mr. Amar Singh	Promoter & Executive Director	4	No	1	1	Nil
2.	Mr. Amitabh Bachchan	Independent Non-Executive Director	1	No	1	Nil	1
3.	Mr. Gouri Prasad Goenka	Independent Non-Executive Director	3	No	7	Nil	Nil
4.	Mr. Harshavardhan Neotia	Independent Non-Executive Director	3	No	18 (including 3 Sec. 25 Co. and 1 Private Ltd. Co.)	2	4



Sl. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at the last AGM held on 16.08.2009	No. of Directorship in the Board of other Companies as on 31.03.2010	No. of Membership held in Committees of Board of other Companies as on 31.03.2010*	No. of Chairmanship held in Committees of Board of other Companies as on 31.03.2010*
5	Mr. Inder Chand Jain	Independent Non-Executive Director	Nil	No	7	3	1
6	Mrs. Pankaja Kumari Singh	Promoter & Non-Executive Director	3	No	2 (including 1 Private Ltd. Co.)	Nil	Nil
7	Mr. Sanjay Kumar Gupta	Independent Non-Executive Director	3	Yes	7 (including 3 Private Ltd. Cos.)	Nil	Nil
8	Mr. Sanjiv Saraf	Executive Director	4	Yes	5 (including 1 Private Ltd. Co.)	Nil	Nil

\* As per clause 49 of the Listing Agreement, only two Committees viz. Audit Committee and Shareholders'/Investors' Grievance Committee have been considered for this purpose.

#### Profiles of Directors retiring by rotation

<b>MR. AMAR SINGH</b>	: Chairman, Executive Director
<b>Date of birth</b>	: 27.01.1956
<b>Qualification</b>	: B. A., LLB
<b>Expertise and experience In specific functional areas</b>	: He is a member of Rajya Sabha since 26th November, 1996 and is an eminent politician. He is an expert in Management.
<b>Directorship held in other Companies</b>	: AB Corp Limited.
<b>Membership in other Board Committees</b>	: Member of Audit Committee in A B Corp Limited
<b>Numbers of Share / Warrants held in the Company as on 31.03.2010.</b>	: 14,58,453 equity shares
<b>MR. HARSHAVARDHAN NEOTIA</b>	: Independent, Non-Executive Director
<b>Date of birth</b>	: 19.07.1961
<b>Qualification</b>	: B. Com. (H) Owner President Management (OPM) from Harvard Business School, U.S.A.
<b>Expertise and experience In specific functional areas</b>	: Mr. Harshavardhan Neotia is a businessman and renowned name in the industrial circle. He has been conferred with the Padma Shri Award by the Government of India. He is possessed with great entrepreneurial skills.
<b>Directorship held in other Companies</b>	: Park Hospitals (Section 25 Company), Choicest Enterprises Limited, GGL Hotel & Resort Company Limited, AIPL Ambuja Housing & Urban Infrastructure Limited, Bengal Ambuja Housing Development Limited, Luxmi Township Limited, Bengal Ambuja Metro Development Limited, Ambuja Housing & Urban Infrastructure Company Limited, Neotia Healthcare Initiative Limited, SAREGAMA India Limited, Ambuja Realty Development Limited, Udayan Greenfield Developers Limited, Ganapati Parks Limited, RKBK Fiscal Services Pvt. Ltd.
<b>Membership in other Board Committees</b>	: Member of Audit Committee in SAREGAMA India Ltd., Chairman of Audit Committee in GGL Hotel and Resort Company Limited, Member of Audit Committee in RKBK Fiscal Services Pvt. Ltd., Chairman of Audit Committee in Ambuja Realty Development Limited, Chairman of Audit Committee in Ambuja Housing and Urban Infrastructure Company



	Limited, Chairman of Audit Committee in Udayan Greenfield Developers Limited, Chairman of Remuneration Committee in GGL Hotel and Resort Company Limited, Chairman of Remuneration Committee in Ambuja Realty Development Limited, Chairman of Audit Committee in Ambuja Housing and Urban Infrastructure Company Limited, Chairman of Remuneration Committee in Udayan Greenfield Developers Limited.
<b>Numbers of Share / Warrants held in the Company as on 31.03.2010.</b>	: Nil
<b>MR. SANJIV SARAF</b>	: Executive Director
<b>Date of birth</b>	: 13.05.1955
<b>Qualification</b>	: B. Tech., M. Tech from B. H. U. (Varanasi)
<b>Expertise and experience In specific functional areas</b>	: He is having vast experience of 33 years in Electrical Engineering and Hydro Electric Projects.
<b>Directorship held in other Companies</b>	: EDCL Power Projects Limited, EDCL Infrastructure Limited, Ester (India) Chemicals Limited, Ayyappa Hydro Power Limited, Heinzmann India Private Limited.
<b>Membership in other Board Committees</b>	: NIL
<b>Numbers of Share / Warrants held in the Company as on 31.03.2010.</b>	: 10,000 equity shares

#### Information placed before the Board

As a policy, all major decisions involving new investments and capital expenditure, in addition to matters which statutorily require Board approval, are put for consideration of the Board. Inter-alia, the following information is regularly provided to the Board as part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting :

- a. Annual operating plans and budgets.
- b. Capital budget-purchase and disposal of plant, machinery and equipments.
- c. Quarterly, half yearly and annual results of the Company.
- d. Minutes of the meetings of the Audit Committee and other Committees of the Board.
- e. Information on recruitment and remuneration of senior officers just below the Board level.
- f. Materially important show cause, demand, prosecution notices and penalty notices.
- g. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- h. Any material default in financial obligations to and by the Company, or substantial non-payment by client.
- i. Any issue, which involves possible public or product liability claims of substantial nature, including any judgments or order which, may have passed strictures on the Conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- j. Details of any joint venture agreement or collaboration agreement.
- k. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- l. Significant labour problems and their proposed solutions. Any significant development in human resources or on the industrial relations front like signing of wage agreement etc.
- m. Sale of material nature of investments, subsidiaries, assets which are not in the formal course of business.
- n. Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate, movement, if material.
- o. Non-compliance of any regulatory, statutory or listing requirement and shareholders service such as non-payment of dividend, delay in share transfer etc.



### Compliance Report

The Board periodically reviews compliance report of all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any.

### Code of Conduct

The Board of Directors has laid down two separate categories of Codes of Conduct one for the non – executive Directors, and the other for the executive Directors and the designated employees in the senior management. All the Board members and the senior management executives have affirmed compliance with the code of conduct. A declaration to this effect signed by Mr. Sanjiv Saraf, Executive Director is annexed to this report.

### Risk Management

Your Company has established a well-documented and robust risk management framework. Under this framework, risks are identified across all business process of the Company on an ongoing basis. Once identified, these risks are systematically categorized as strategic risk, business risk or reporting risk. To address these risks in a comprehensive manner, each of risk is mapped to the concerned department for further action. Based on this framework, EDCL has set in place procedures to periodically place before the Board the risk assessment and minimization procedures being followed by the Company.

### Directors with pecuniary relationship or business transaction with the Company

Both the executive directors receive salary, allowances, perquisites and commission while all non-executive Directors receive sitting fees, details of which are given below :

Name of Directors	Sitting Fees*	Salary, allowances and perquisites#	Commission	Total
Mr. Amar Singh	N. A.	4,800,000.00	N. A.	4,800,000.00
Mr. Amitabh Bachchan	2,500.00	N. A.	-	2,500.00
Mr. Gouri Prasad Goenka	7,500.00	N. A.	-	7,500.00
Mr. Harshavardhan Neotia	20,000.00	N. A.	-	20,000.00
Mr. Inder Chand Jain	0.00	N. A.	-	0.00
Mrs. Pankaja Kumari Singh	12,500.00	N. A.	-	12,500.00
Mr. Sanjay Kumar Gupta	27,500.00	N. A.	-	27,500.00
Mr. Sanjiv Saraf	N. A.	2,720,000.00	N. A.	2,720,000.00

\* Sitting fees includes payment to the Directors for attending meetings of Board Committees

# includes house rent allowance.

The terms of employment of Chairman and also of the Executive Director stipulates a severance notice of six months on either side.

Payment to Non – Executive Directors have been made, based on the number of Board and / or Committee meetings attended by them and any significant contributions made by them towards achieving the goal of the company.

During the year the Company did not advance any loans to any of its Directors, No Stock Options have been issued to any of the Directors of the Company.

### Shares / Convertible Warrants held by Non – Executive Directors as on 31st March, 2010

Name of the Director	Number of Shares held
Mr. Amitabh Bachchan	NIL
Mr. Gouri Prasad Goenka	NIL
Mr. Harshavardhan Neotia	NIL
Mr. Inder Chand Jain	NIL
Mrs. Pankaja Kumari Singh	4,68,938
Mr. Sanjay Kumar Gupta	6,000

The Company does not have any Convertible Warrant as on 31st March, 2010.



## BOARD COMMITTEES

All decisions pertaining to the constitution of the Audit Committee and Shareholders' / Investors' Grievance Committee, appointment of members and fixing of terms of reference for Committee members are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the year and the related attendance, are provided below :

### A. Audit Committee

The Audit Committee consists of three independent and Non Executive Directors. The Committee met five times during the year, viz. 26.04.2009, 30.06.2009, 25.07.2009, 27.10.2009 and 27.01.2010.

**The composition and categories of the members of the Audit Committee and their attendance at the Committee Meetings held during the Year is given below :**

Names of the Director	Category	No. of Committee Meetings attended
Mr. Sanjay Kumar Gupta	Chairman; Independent, Non-Executive	5
Mr. Inder Chand Jain	Member; Independent, Non-Executive	0
Mr. Harshavardhan Neotia	Member; Independent, Non-Executive	5

Mrs. Sunnoo Bahri, Dy. Company Secretary is the Secretary of the Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting.

**Brief description of terms of reference of the Audit Committee includes the following :**

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any related party transactions (as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India);
  - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  - 5A. Reviewing, with the management, the statements of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statements of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings in the process of audit and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.



10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

**The Company is having systems and procedures in place to ensure that the Audit Committee mandatorily reviews :**

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the internal auditors.

The Audit Committee is also apprised on information with regard to:

Related party transaction (including transaction in normal course of business, not in normal course of business and transactions not at arms length); where money is raised through an issue (public issue, right issue, preferential issue etc.) periodical disclosures regarding use of funds by major category and on annual basis a statement of funds utilised for purpose other than those specified in the notice or offer document.

The role of Audit Committee includes recommending the appointment and removal of internal and statutory auditors, discussion of audit plan, fixation of fees for audit and other services.

**B. Shareholders' / Investors' Grievance Committee**

The Shareholders' / Investors' Grievance Committee deals with various matters relating to :

- ◆ Transfer / Transmission of shares
- ◆ Issue of Duplicate share certificates
- ◆ Dematerialisation of Shares
- ◆ Redressal of Investors' grievance
- ◆ Non receipt of Annual Report and dividend
- ◆ All other incidental matters with respect to Shareholders' / Investors'

The Committee met three times, during the year, viz. 05.07.2009, 28.10.2009 and 27.01.2010

The composition and categories of the members of the Shareholders' / Investors' Grievance Committee and their attendance record at the Committee Meetings held during the Year is given below :

Names of Director	Category	No. of Committee Meetings attended
Mrs. Pankaja Kumari Singh	Chairperson; Promoter & Non-Executive Director	3
Mr. Amar Singh	Member; Promoter & Executive Director	3
Mr. Sanjiv Saraf	Member; Executive Director	3

**Compliance Officer :** Mrs. Sunnoo Bahri, Dy. Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India

**Status of Complaint Received and Pending**

Number of Complaints From 01.04.2009 to 31.03.2010			
Pending as on 01.04.2009	Received	Redressed	Pending as on 31.03.2010
Nil	01	01	Nil

**SUBSIDIARY COMPANY**

The Company is holding 100% shares of its subsidiary companies :

1. Ayyappa Hydro Power Limited (AHPL), an unlisted company,
2. EDCL Power Projects Limited, an unlisted company.

As per Clause 49 of the Listing Agreement the above companies are not material non – listed subsidiaries.



## GENERAL BODY MEETINGS

1. Location, date and time of the Annual General Meetings held during the preceding 3 years and the special resolutions passed thereat are as follows :

Year	Location	Date and time	Special Resolutions Passed
2006-2007	"The Concord", Hotel Atria, No. 1, Palace Road, Bangalore – 560 001	09.08.2007 at 4:00 p. m.	For Shifting of Registered Office from Bangalore to site office.
2007-2008	Harangi Hydroelectric Project, Vill. – Hulugunda, Taluka, Somawarpet, Dist. – Kodagu, Karnataka – 571 233	16.08.2008 at 2:30 p. m.	Voluntary Delisting of the Company's Equity Shares from the Bangalore Stock Exchange and The Calcutta Sock Exchange Association Limited
2008-2009	Harangi Hydroelectric Project, Vill. – Hulugunda, Taluka - Somawarpet, Dist. – Kodagu, Karnataka – 571 233	16.09.2009 at 12:30 P. M.	Alteration of Objects Clause of the Memorandum of Association of the Company

2. Location, date and time of the Extra Ordinary General Meeting

Year	Location	Date and time	Special Resolutions Passed
2007-2008	Harangi Hydroelectric Project, Vill. – Hulugunda, Taluka - Somawarpet, Dist. – Kodagu, Karnataka – 571 233	27.08.2008 at 2:30 p. m.	Grant of 4,000,000 Convertible Warrants each for cash at an exercise price of Rs.135/- (including premium of Rs.125/-)

3. **Postal Ballot**

- a. In the 14th Annual General Meeting held on 16th day of September, 2009, Postal Ballot was conducted for passing one (1) Special Resolution.

- b. Details of voting pattern and summary results are as below :

	Votes casted in favour	Votes casted against	Total number of valid votes	% of votes in favour	% of votes casted against
<b>Resolution No. 7.</b>	1,50,44,759	5	1,50,44,764	99.99	.01

- c. Mr. Lalit Kumar Sadani, Advocate, acted as Scrutinizer for the Postal Ballot exercise. He has conducted the process and submitted his report to the Chairman.
- d. The Company has proposed special resolution to be conducted through Postal Ballot.
- e. Procedure for Postal Ballot: the Company has followed procedure as prescribed under section 192A of the Companies Act, 1956 and The Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

## DISCLOSURES

### Related Party Transactions

During the year under review, the Company has not entered into any transaction of material nature with its Promoter, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with interest of the Company at large. However, all related party transactions including those with subsidiary company are disclosed through notes to the accounts.

### Accounting Treatment

The financial statements of the company are prepared in accordance with the provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India.

### Compliance of various Laws

There were no instances of non-compliance by company of any requirements of the Stock Exchange, SEBI or any other statutory authority on any matter related to capital markets during the last three years.



**MEANS OF COMMUNICATION****(a) Quarterly Results :**

The quarterly results are published in the newspaper and are not being sent to the shareholders.

**(b) Newspapers :**

The Un audited Quarterly Results, for the quarter ended on 30.06.2009, 30.09.2009, 31.12.2009 and 31.03.2010 as per clause 41 of the Listing Agreement were published in the following newspapers :-

The Business Standard – Bangalore and Mumbai  
Hosadigantha - (Kannada daily)-Bangalore

**(c) EDIFAR Filing**

The Company files the following information, statements and reports on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics Centre (NIC), on-line, in such manner and format and within such time as specified by SEBI :

- ◆ Full version of annual report including the balance sheet, profit and loss account, directors' report and auditors' report; cash flow statements; half yearly financial statements and quarterly financial statements.
- ◆ Corporate Governance Report.
- ◆ Shareholding Pattern Statement.
- ◆ Statement of action taken against the company by any regulatory agency.
- ◆ Such other statement, information or report as may be specified by SEBI from time to time in this regard.

With effect from 1st day of April, 2010, SEBI has discontinued system of EDIFAR filing, the above information can be viewed from the website of the Company – [www.edclgroup.com](http://www.edclgroup.com)

**Compliance Officer :** Mrs. Sunnoo Bahri, Dy. Company Secretary of the Company is the compliance officer and she is responsible for filing the above information in the EDIFAR system.

There are no presentations made by the Company to any institutional investors or to any analyst.

**CEO / CFO Certification**

The Executive Director (CEO) of the Company have certified to the Board that all the requirement of the revised clause 49(V) of the listing agreement, interalia, dealing with the review of financial statement and cash flow statement for the year ended 31st March, 2010, transactions entered into by the company during the year, their responsibility for establishing and maintaining internal control system for financial reporting and evaluation of the effectiveness of the internal control system and making of necessary disclosure to the Auditors and the Audit Committee have been duly complied with.

**GENERAL SHAREHOLDER INFORMATION****a. Annual General Meeting**

The Annual general Meeting of the Company will be held on Monday the 13th day of December, 2010 at Harangi Hydroelectric Project, Village – Hulugunda, Taluka – Somawarpet, Dist. – Kodagu, Karnataka – 571 233 at 3:00 P. M.

**b. Financial Year :** From 1st April to 31st March.**c. Book Closure Period :** 9th December, 2010 to 13th December, 2010**d. Dividend Payment date :** 13th December, 2010**e. The Company's shares are listed in the following stock exchanges :**

1. BOMBAY STOCK EXCHANGE LTD.  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001
2. NATIONAL STOCK EXCHANGE OF INDIA LIMITED  
"EXCHANGE PLAZA",  
Bandra – Kurla Complex, Bandra (E),  
Mumbai – 400 051

Note : Annual listing fee for the year 2010 - 2011 has been paid to the above Stock Exchanges.



**f. Depositories :**

(i) **National Securities Depository Ltd.**

Trade World, 4th floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

(ii) **Central Depository Services (India) Ltd.**

Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai – 400 023.

The Company has paid custodial fees for the year 2010 – 2011 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on 31st March, 2010.

**g. The Stock Code of the Company with the Stock Exchanges are as under :**

<u>STOCK EXCHANGE</u>	<u>CODE</u>
Bombay Stock Exchange	532219
National Stock Exchange	ENERGYDEV

**h. Demat ISIN Number :** INE306C01019

**i. Market Price Data :** The details of trading at Bombay Stock Exchange Limited and National Stock Exchange of India Limited, for the period from 01.04.2009 to 31.03.2010 are shown below :

MONTH	BSE SHARE PRICE		NSE SHARE PRICE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April' 2009	55.85	39.25	55.55	39.05
May' 2009	71.55	45.15	72.10	45.35
June' 2009	82.30	62.00	82.00	62.50
July' 2009	76.85	50.40	76.70	50.50
August' 2009	69.40	60.15	70.00	59.50
September' 2009	74.60	62.05	73.90	62.00
October' 2009	77.40	54.45	78.85	55.00
November' 2009	63.40	50.35	61.85	50.00
December' 2009	64.70	50.00	64.80	55.05
January' 2010	81.00	58.00	79.90	59.30
February' 2010	76.80	59.25	76.00	59.60
March' 2010	66.95	53.00	66.90	53.80

**j. Registrar and Share Transfer Agents :**

M/S NICHE TECHNOLOGIES PVT. LTD.

D-511, Bagree Market, 5th Floor, 71, B. R. B. Basu Road, Kolkata – 700 001

**k. Exclusive E-mail ID for redressal of investor complaints :**

In terms of Clause 47(f) of the Listing Agreement, please use the following contacts for redressal of Investor Complaints:

E-mail : [edclcal@edclgroup.com](mailto:edclcal@edclgroup.com); [edclcal@airtelmail.in](mailto:edclcal@airtelmail.in)

**l. Share Transfer System :**

Share transfer in physical form should be lodged at the office of Registrar and Transfer Agent at the address given above or at the corporate office of the Company. Share transfers are normally effected within a maximum period of 30 days from the date of lodgment, if technically found to be in order and complete in all respect.

Dematerialisation of shares is processed normally within a period of 21 days from the date of receipt of Demat Request Form.

m. **Distribution of Shareholding as on 31.03.2010 is as under :**

Shareholding Range Rs.                      Rs.	Number of Shareholders	% of Shareholders	Number of Shares	% of Shareholding
Upto –                      500	7807	91.239	918,237	3.3390
501 –                      1,000	398	4.6501	326,055	1.1857
1,001 –                      5,000	286	3.3415	636,767	2.3155
5,001 –                      10,000	29	0.3388	209,897	0.763
10,001 –                      50,000	21	0.2454	465,034	1.6910
50,001 –                      1,00,000	4	0.0467	296,473	1.0781
1,00,001 and above	14	0.1636	24,647,537	89.6274
<b>TOTAL</b>	<b>8559</b>	<b>100.0000</b>	<b>27,500,000</b>	<b>100.0000</b>

n. **Shareholding as on 31.03.2010 :**

Category	No. of Shares held	% of holding
Promoters	15,499,475	56.36
Financial Institutions, Insurance Co., Banks etc.	324,500	1.18
Private Corporate Bodies	9,713,402	35.32
Indian Public	1,808,534	6.58
Others	154,089	0.56
<b>TOTAL</b>	<b>27,500,000</b>	<b>100.00</b>

o. **Dematerialization of Shares and Liquidity :**

The Shares of the Company has been dematerialised with NSDL and CDSL. As on 31.03.2010 2,63,32,068 shares (95.75%) has been dematerialized with NSDL and 11,23,367 shares (4.08%) with CDSL.

p. **Outstanding GDRs / ADRs / Warrants or any Convertible instruments :**

No GDR / ADR have been issued by the Company. However, 40,00,000 Warrants issued by the Company to Promoters and Non – Promoters group on 11th September, 2008 @ Rs. 135/- each were forfeited on 11th March, 2010, because none of the warrant holders have exercised their option to convert it into equity shares which were available till 10th March, 2010 (Eighteen Months from the date of allotment).

q. **Plant Locations :**

- Harangi Hydroelectric Power Project : Village – Hulugunda, Taluka – Somawarpet, Dist. – Kodagu Karnataka – 571 233.
- Wind Mill Project : Rangapur Kawal, Arsikere, District – Hassan, Karnataka – 573 103
- Wind Mill Project: K-73, Elkurnahalli, Jogimatti Wind Zone, Chitradurga - District, Karnataka.

r. **Address for Correspondence :**

**Mrs. Sunnoo Bahri**, Deputy Company Secretary  
EDCL HOUSE, 1A, Elgin Road, Kolkata - 700020.

## **DECLARATION**

To  
The Members of  
Energy Development Company Limited

**Sub : Declaration under clause 49 of the Listing Agreement**

I hereby declare that all the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with their respective Codes for the financial year ended 31st March, 2010.

For Energy Development Company Limited

Sd/- Sanjiv Saraf

(Executive Director)

New Delhi, 15th November, 2010



To  
The Members of  
**Energy Development Company Limited**

**Re: Financial Statements for the year ended on 31st March, 2010 – Certification by Executive Director and DGM (Commercial)**

We, Sanjiv Saraf, Executive Director and Nathmal Modi, DGM (Commercial) of Energy Development Company Limited, to the best of our knowledge and belief, certify that :

1. We have reviewed the financial statements and the cash flow statement for the year ended on 31.03.2010 and that to the best of our knowledge and belief :
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. 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 or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee :
  - a) significant changes in the internal control over financial reporting during the year under review;
  - b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or other employees who have a significant role in the Company's internal control systems over financial reporting.

For **Energy Development Company Limited**

Sd/- **Nathmal Modi**      Sd/- **Sanjiv Saraf**  
DGM (Commercial)      (Executive Director)

Dated this 28th September, 2010

## **AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE 49 OF THE LISTING AGREEMENT**

To the members of  
**Energy Development Company Limited**

1. We have examined the compliance of the conditions of Corporate Governance by Energy Development Company Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement) issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the company.
3. In our opinion and to the best of our information and explanations given to us and representations made by the Directors and the management, we certify that the company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.
4. We further report that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Lodha & Co.**  
Chartered Accountants  
Firm ICAI Registration No: 301051E

Sd /- **H. S. Jha**  
Partner  
Membership No. 055854

Place : Kolkata  
Dated : 28th September, 2010



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### A. INDUSTRY STRUCTURE AND DEVELOPMENT

Over 40 percent of India's population does not have access to electricity and providing electricity for 24 hours in rural areas is a major challenge. For this the Indian Government has envisioned several paths for its energy requirements, from renewable to nuclear.

By the end of September 2010, the total installed capacity in India is 1,64,835.80 Mega Watts (MW), out of which thermal occupies 1,06,517.98 MW (64.7%), hydro 37,328.40 MW (24.7%), nuclear 4,560 MW (2.9%) and renewable 16,429.42 MW (7.7%). Out of the total thermal mix, coal produces 87,943.38 MW (53.3%), gas produces 17,374.85 MW (10.5%) and oil produces a mere 1,199 MW (0.9%). In comparison with other countries like Canada (17,179 kWh), USA (13,338 kWh), Australia (11,126 kWh), Japan (8,076 kWh), France (7,689 kWh), Germany (7,030 kWh), United Kingdom (6,206 kWh), Russia (5,642 kWh) and Italy (5,644 kWh), India's per capita electricity consumption is very low at 631 kWh at present. The National Electricity Policy envisages that the per capita availability of electricity will be increased to over 1,000 kWh by 2012. To achieve this, the Government has set target of total capacity addition of 78,700 MW in the 11th plan period of which 16,583 MW is expected from hydro, 58,734 MW from thermal and 3,384 MW from nuclear. Although India has significant potential for generation of power from non-conventional energy sources (183,000 MW) such as wind, small hydro, biomass and solar energy, the emphasis is still going to thermal energy sources. India has at present a 9.9% overall electrical energy shortage and 11.1% peaking shortage.

Hydro-power is recognized as a renewable source of energy, which is economical, non – polluting and environmentally benign. India is blessed with the huge hydro power potential which is estimated to be about 1,50,000 – 1,75,000 MW.

An estimated potential of about 15,000 MW of small hydropower (SHP) projects exists in India. 4554 potential sites with an aggregate capacity of 11,356 MW for projects up to 25 MW capacities have been identified. In the last 10-12 years, the capacity of Small hydropower projects up to 3 MW has increased 4 fold from 63 MW to 240 MW. 420 small hydropower projects up to 25 MW station capacity with an aggregate capacity of over 1,423 MW have been set up in the country and over 187 projects in this range with aggregate capacity of 521 MW are under construction.

Source: <http://www.powermin.nic.in/>, <http://www.inshp.org/>

### B. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

#### Opportunities

The Union Ministry of Power has initiated a number of measures to accelerate capacity addition from hydro-electric projects. These include:

- Higher budgetary allocation for the hydro sector
- Investment approval of new hydro-electric projects
- Identification of new projects in the central Sector for advance action
- Promoting state Sector projects which were languishing or could not progress due to Inter-State disputes
- Simplification of procedure for transfer of projects
- Improving tariff dispensation for hydel projects
- Carbon Credit

With the economic liberalisation, the Indian Government also opened up the doors in the year 1991 to private companies for the setting up of private hydropower projects.



The Ministry of New & Renewable Energy Sources (MNER) provides various fiscal and financial incentives like soft loans, capital and interest subsidy, accelerated depreciation and nil / concessional rate of excise and custom duties for setting up of SHP projects. Recently, Generation Based Incentives have also been introduced for Wind Power.

India's vast hydropower potential can contribute to the country's energy security in an environmentally sustainable and socially responsible manner. The future of hydro power in India is bright. Small and mini hydro projects have the potential to provide energy in remote and hilly areas, where extension of grid system is un-economical. Realizing this fact, Government of India is encouraging development of small and mini hydro power projects in the country. Your Company is presently focused on development of Small Hydro Power Projects, besides Wind Mills and infrastructure related contracts.

### Threats, Risks and Concerns

Any infrastructure development inevitably involves a certain degree of change. The construction of a dam and power plant, along with the impounding of a reservoir, creates certain social and physical changes. Difficult ethical issues, e.g. the rights of nation to develop viz. a viz. the rights of people and communities affected by a project, are also likely to arise.

The major constraints which have affected hydro development are technical (difficult investigation, inadequacies in tunneling methods), financial (deficiencies in providing long term financing), tariff related issues and managerial weaknesses (poor contract management). The hydro projects are also affected by geological surprises (especially in the Himalayan region where underground tunneling is required), long gestation period from preparation to implementation of the project, inaccessibility of the area, problems due to delay in land acquisition, getting environment clearance, placing orders for execution of the project and resettlement of project affected families, law and order problem in militant infested areas etc.

## C. SEGMENT-WISE OR PRODUCTWISE PERFORMANCE

The Company has demonstrated modest growth in overall business. It has commissioned new projects and acquired subsidiaries, as detailed in the Directors' Report. The total turnover for the year was Rs.31.58 Crores (Previous Yr. – Rs.117.24 Crores) The Company has two segments, namely Generation Division and Contract Division.

### Generation Division

Until last year, the Company had two Hydro Electric Power Plants in the State of Karnataka and Kerala and two Wind Mills in the State of Karnataka. During the financial year ended on 31st day of March, 2010, the 7 MW Ullunkal Hydroelectric Project was transferred to its wholly owned subsidiary 'EDCL Power Projects Ltd.' in terms of a Scheme of Arrangement approved by the Hon'ble High Courts at Karnataka and Calcutta and as on the last date of the financial year the company had following running projects :

#### I. Hydro Electric Power Projects

9 MW Harangi Hydro Electric Power Project in the State of Karnataka.

#### II. Wind Mills

1. 1.5 MW Wind Mill at Hassan District in the State of Karnataka.
2. 1.5 MW Wind Mill at Chitradurga in the State of Karnataka.

### Saleable electricity generated from

- (a) Hydel Power Plants were 27.38 million units (Previous Yr. – 28.036 million units).
- (b) Wind Mills were 5.82 million units (Previous Yr. – 4.393 million units).

### Contract Division

In view of the huge spending in infrastructure in the country, your Company is targeting the growth by participating in



the infrastructure related projects such as roads, power plants, bridges, consultancy services etc. by using the capabilities developed in house, over the years. Hence, the Contract Division was launched, which is steadily growing. This division has earned revenue of Rs.19.42 crores (Previous Year Rs.106.23 crores).

#### **D. OUTLOOK**

The Company's thrust area of operation is infrastructure development, whether as contractor or developer. Your Company has received various contracts during the period commencing from 01.04.2009 to 15.11.2010 worth of Rs.169 Crores (approx.) and has undertaken major expansion programme for setting up various Hydro Electric Project having an aggregate capacity of approx. 522 MW, which are dealt with in the Directors' Report.

#### **E. INTERNAL CONTROL SYSTEM**

Company's internal control system have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

The Company has re-appointed 2 (two) Chartered Accountant firms, namely M/s SRB & Associates and M/s Ganeriwala & Co. to carry out internal audit of the Company's activities at corporate office as well as the project sites and at the registered office respectively. The Internal Audit process is designed to review the adequacy of internal control and checks in the system and covers all significant areas of the Company's operations.

The Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Audit Committee reviews Audit Reports submitted by the Internal Auditors.

#### **F. FINANCIAL PERFORMANCE**

The net profit before tax stood at Rs.13.99 Crores (Previous year- Rs.22.47 Crores). The Capital Reserves has been increased by Rs.12.40 Crores due to forfeiture of warrants issued on preferential basis.

#### **G. HUMAN RESOURCES**

The company regards its human resources as the most valuable assets. The Company strives to provide a fair, empowered and merit-based workplace with scope for continuous learning, enriching competencies among employees and accelerating corporate growth. During the year under review, the Company did not witness any kind of adverse development on the HR front. The Company has always aimed towards attracting and retaining talent in its various functions. There were inductions of technical and commercial staff, at middle management and support staff levels. As on 31st March, 2010, the Company had employed 72 persons.

The Company also took initiatives to manage the growing human resource base including a regularized recruitment process, a fair and unbiased performance appraisal system along with an in-built feedback system.

#### **CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis Report may be "forward looking statements" within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important facts that could make a difference to the Company's operations include economic conditions affecting global and domestic demand-supply, raw-material costs and availability, changes in Government regulations, tax regimes, economic developments in India and other factors such as litigation and industrial relations, the Company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent developments, information or events. The Company also do not assume any responsibility on the accuracy of statements relating to industry structure and development, as it has been sourced from various available Web – sites.



## AUDITORS' REPORT TO THE MEMBERS OF ENERGY DEVELOPMENT COMPANY LIMITED

We have audited the attached Balance Sheet as at 31st March, 2010 and the Profit and Loss Account along with the Cash Flow Statement for the year ended on that date of **Energy Development Company Limited**. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the Order") issued by the Central Government in exercise of the powers conferred by Section 227(4A) of the Companies Act, 1956 ("the Act") and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we report that:
  - i)
    - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
    - (b) Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its business. No material discrepancies in respect of the assets verified during the year were noticed.
    - (c) The Company has not disposed off any substantial part of the fixed assets during the year.
  - ii)
    - (a) The inventory has been physically verified during the year by the management at reasonable intervals.
    - (b) The procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - (c) The Company is maintaining proper records of inventories and discrepancies noticed on the physical verification of inventory, as explained, were not material as compared to the book records.
  - iii)
    - (a) According to information and explanations given to us the company has given unsecured loans to companies listed in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.55,92,00,000 and the year-end balance of such loans was Rs.36,00,00,000.
    - (b) In our opinion, the rate of interest and other terms and conditions on which the unsecured loans as mentioned in (a) above were prima facie not prejudicial to the interest of the Company.
    - (c) According to the information and explanations given to us, the principal amount and interest in respect of loan granted as mentioned in (a) above are repayable on demand. These loans are being repaid as and when recalled.
    - (d) As informed to us, having regard to terms and conditions of the loan as mentioned above, there is no overdue amount outstanding in respect of such loan and interest there on.
    - (e) According to the information and explanations given to us, the company had taken unsecured loan from companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.11,14,50,000 and the year-end balance was Rs.9,32,00,000.
    - (f) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.





- (g) According to the information and explanations given to us, the company has been regular in repayment of the principal amount and interest thereon as applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct weaknesses in the internal controls.
- v) (a) According to the information and explanations provided by the management, particulars of the contracts or arrangement referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Act and exceeding five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public under Section 58A, 58AA or any other relevant provision of the Act and the rules framed there under.
- vii) Internal audit of the Company has been carried out by firms of Chartered Accountants. In our opinion the internal audit system in respect of the areas covered during the year is commensurate with the size and nature of the business of the Company.
- viii) We have broadly reviewed the cost records and accounts prescribed by the Central Government under section 209(1) (d) of the Act and are of the opinion that prima-facie, such records have been maintained by the Company. However, we have not carried out any detailed examination of such accounts and records.
- ix) (a) According to the information and explanations given to us, the Company *excepting certain advance tax payments*, is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of aforesaid dues for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess that have not been deposited with the appropriate authorities on account of any dispute.
- x) The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) In our opinion and on the basis of information and explanations given by the management, the Company has not defaulted in the repayment of dues to banks. The Company has not borrowed from any financial institutions and there were no debenture holders during the year.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.



- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us, the Company has not availed fresh term loans during the current financial year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, keeping in view that the unsecured loan taken by the Company are related to the long term capital projects and these will be repaid on long term basis, no short-term funds have been utilized for the long term investment during the year.
- xviii) The Company has not made preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
- xix) The Company has not issued any debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- xx) The Company has not raised money by public issue during the year.
- xxi) During the course of our examination of the books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.
2. Further to the above, we report that :
- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) The Balance Sheet, the Profit and Loss Account and the Cash Flow statement are in agreement with the books of account;
- iii) Proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books of account;
- iv) In our opinion, the Profit and Loss Account and the Balance Sheet of the Company comply with the accounting standards referred to in Sub-Section 3(C) of Section 211 of the Act;
- v) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31 March, 2010 from being appointed as a director in terms of Clause(g) of Sub-section (1) of Section 274 of the Act;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Act in the manner so required and read together with the other notes thereon, give a true and fair view :
- (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (b) in case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (c) in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Lodha & Co.**  
Chartered Accountants  
Firm ICAI Registration No: 301051E  
Sd/- **H. S. Jha**  
Partner

Place : Kolkata  
Date: 28th September, 2010

Membership No. : 55854



## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	275,000,000	275,000,000
Share Warrant		–	124,000,000
Reserves & Surplus	2	934,666,969	727,606,840
<b>LOAN FUNDS</b>			
Secured Loans	3	99,148,077	59,794,395
Unsecured Loans	4	468,200,000	300,007,866
<b>DEFERRED TAX LIABILITY (NET)</b> [Refer Note 9 of Schedule 17]		50,137,823	48,033,929
<b>TOTAL</b>		<b>1,827,152,868</b>	<b>1,534,443,030</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	698,804,223	1,078,917,287
Less : Depreciation		253,047,314	226,296,296
Net Block		445,756,909	852,620,991
Capital Work-in-Progress		686,910,558	447,325,826
<b>INVESTMENTS</b>	6	133,924,884	147,862,000
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	11,965,284	6,360,456
Sundry Debtors	8	273,103,782	703,393,466
Cash and Bank Balances	9	98,433,412	37,229,053
Loans & Advances	10	594,122,793	102,841,504
Other Current Assets	10A	44,141	570
		977,669,412	849,825,049
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	325,075,282	671,498,933
Provisions	12	92,033,613	91,691,903
		417,108,894	763,190,836
<b>NET CURRENT ASSETS</b>		<b>560,560,518</b>	<b>86,634,213</b>
<b>TOTAL</b>		<b>1,827,152,868</b>	<b>1,534,443,030</b>

Significant Accounting Policies & Notes to the Accounts 17

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

Place : New Delhi Dated : 28th September, 2010	As per our report of even date For <b>Lodha &amp; Co.</b> <i>Chartered Accountants</i> Sd/- <b>H. S. Jha</b> <i>Partner</i>	For and on Behalf of the Board of Directors Sd/- <b>Amar Singh</b> , <i>Chairman</i> Sd/- <b>Sanjiv Saraf</b> , <i>Executive Director</i> Sd/- <b>Pankaja Kumari Singh</b> , <i>Director</i> Sd/- <b>Sunnoo Bahri</b> , <i>Dy. Company Secretary</i>
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## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year ended 31st March 2010 Rs.	Year ended 31st March 2009 Rs.
<b>INCOME</b>			
Sales/Income from Operations		315,831,677	1,172,362,388
Other Income	13	78,229,650	5,484,240
Increase / (Decrease) in Stock	14	5,967,818	-
		<u>400,029,145</u>	<u>1,177,846,628</u>
<b>EXPENDITURE</b>			
Cost of Materials		146,450,141	810,626,686
Operating, Administrative & Other Expenses	15	74,864,576	98,201,991
		<u>221,314,718</u>	<u>908,828,677</u>
<b>Profit before interest, depreciation &amp; tax</b>		178,714,427	269,017,951
Interest & Finance Charges	16	4,901,260	5,922,062
<b>Profit before depreciation &amp; tax</b>		173,813,168	263,095,889
Depreciation	5	33,826,767	38,360,685
<b>Profit before tax</b>		139,986,401	224,735,204
Provision for tax			
- Current Income Tax		23,771,563	31,000,000
- Income tax for earlier years		44,476	-
- Fringe Benefit Tax		-	700,000
- Deferred Tax (Refer Note 9 of Schedule 17)		2,101,953	25,267,488
		<u>25,917,992</u>	<u>56,967,488</u>
<b>Profit after tax</b>		114,068,409	167,767,716
Profit Brought Forward From Previous Year		377,606,840	242,012,749
<b>Profit Available For Appropriation</b>		<u>491,675,249</u>	<u>409,780,465</u>
<b>Appropriations</b>			
Proposed Dividend		27,500,000	27,500,000
Tax on Proposed Dividend		4,673,625	4,673,625
Balance Carried to Balance Sheet		459,501,624	377,606,840
		<u>491,675,249</u>	<u>409,780,465</u>
<b>Earning Per Share</b> (Refer Note 15 of Schedule 17)			
- Basic		4.15	6.10
- Diluted		4.15	5.05

### Significant Accounting Policies & Notes to the Accounts 17

The Schedules referred to herein above form an integral part of the Profit & Loss Account.

As per our report of even date  
For **Lodha & Co.**  
*Chartered Accountants*  
Sd/- **H. S. Jha**  
*Partner*

Place : New Delhi  
Dated : 28th September, 2010

For and on Behalf of the Board of Directors  
Sd/- **Amar Singh**, *Chairman*  
Sd/- **Sanjiv Saraf**, *Executive Director*  
Sd/- **Pankaja Kumari Singh**, *Director*  
Sd/- **Sunoo Bahri**, *Dy. Company Secretary*



## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
3,50,00,000 (35,000,000) Equity shares of Rs. 10/- each	<u>350,000,000</u>	<u>350,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
2,75,00,000 (27,500,000) Equity shares of Rs. 10/- each	<u>275,000,000</u>	<u>275,000,000</u>
	<u>275,000,000</u>	<u>275,000,000</u>
 <b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve on Amalgamation (Refer Note 4 of Sechedule 17)	1,165,345	-
Capital Reserve (Refer Note 16 of Schedule 17)	124,000,000	-
Securities Premium	350,000,000	350,000,000
Surplus in Profit & Loss Account	459,501,624	377,606,840
	<u>934,666,969</u>	<u>727,606,840</u>
 <b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Cash Credit from Bank (Secured by hypothecation of entire stocks and other movables of the company including all movable Plants & Machineries, Furniture & Fixtures, Vehicles, Computers and other accessories, etc. stored or to be stored at the premises/godowns of the companys' contract division and also all present and future book debts, outstanding monies, receivables, claims, bills, etc.and equitable mortgage of immovable properties at 9MW Harangi Hydro Electric Project)	99,148,077	59,726,223
Vehicle Loan	-	68,172
	<u>99,148,077</u>	<u>59,794,395</u>
 <b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
From Bodies Corporate	468,200,000	300,007,866
	<u>468,200,000</u>	<u>300,007,866</u>



SCHEDULE 5

FIXED ASSETS

Amount  
(Rs.)

Name of the Assets	GROSS BLOCK						DEPRECIATION					NET BLOCK		
	Cost as at 01.04.2009	Assets acquired on amalgamation	Transfer as per scheme (****)	Additions	Deductions	Cost as at 31.03.2010	As at 01.04.2009	Balance transferred on amalgamation	Transfer as per scheme (****)	During the year	Deductions/ Adjustments	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
<b>(A) Tangible Assets</b>														
Freehold Land	15,954,522	-	7,254,572	-	-	8,699,950	-	-	-	-	-	-	8,699,950	15,954,522
Leasehold Land *	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Premises	18,641,250	-	-	-	-	18,641,250	2,690,973	-	-	797,514	-	3,488,487	15,152,763	15,950,277
Buildings and Roads	78,679,276	-	64,050,633	-	-	14,628,643	5,274,174	-	771,168	464,167	-	4,967,173	9,661,470	73,405,102
Plant & Machinery	431,751,081	-	189,537,697	811,915	-	273,025,299	121,833,836	-	2,763,745	12,520,198	-	131,590,289	141,435,010	309,917,245
Hydraulic Works	266,043,918	-	148,557,473	-	-	117,486,445	53,563,063	-	2,552,899	5,302,287	-	56,312,451	61,173,994	212,480,855
Transmission Lines, Transformers, Cable Network, etc**	58,221,753	-	14,024,584	-	-	44,197,169	19,488,830	-	241,007	1,858,821	-	21,106,644	23,090,525	38,732,923
Office Equipment	2,283,863	43,066	161,250	3,627,851	43,066	5,750,464	1,533,356	37,463	24,563	356,037	39,448	1,862,845	3,887,619	750,507
Furniture and Fixtures	2,855,663	18,000	340,777	9,755,325	18,000	12,270,211	1,542,184	11,367	23,489	381,826	12,430	1,899,458	10,370,753	1,313,479
Motor Vehicle	19,457,574	323,490	527,576	-	1,086,051	18,167,437	10,451,283	206,388	52,016	2,211,717	850,201	11,967,171	6,200,266	9,006,291
Windmill ***	184,767,000	-	-	-	-	184,767,000	9,806,027	-	-	9,745,618	-	19,551,645	165,215,355	174,960,973
<b>(B) Intangible Assets</b>														
Computer Software	261,387	-	-	908,968	-	1,170,355	112,570	-	-	1,88,583	-	301,153	869,202	148,817
<b>TOTAL</b>	<b>1,078,917,287</b>	<b>384,556</b>	<b>394,454,562</b>	<b>15,104,059</b>	<b>1,147,117</b>	<b>698,804,223</b>	<b>226,296,296</b>	<b>255,218</b>	<b>6,428,867</b>	<b>33,826,767</b>	<b>902,079</b>	<b>253,047,314</b>	<b>445,756,909</b>	<b>852,620,991</b>
<b>Previous Year</b>	<b>583,089,434</b>	<b>-</b>	<b>-</b>	<b>495,830,953</b>	<b>3,100</b>	<b>1,078,917,287</b>	<b>187,938,710</b>	<b>-</b>	<b>-</b>	<b>38,360,685</b>	<b>3,099</b>	<b>226,296,296</b>	<b>852,620,991</b>	<b>-</b>

Note : \* 7.21 acres of Land has been taken on lease for 40 years w.e.f. 14th July 1999 at an annual lease rent of Rs. 72,100/-.

\*\*Transmission Lines, Transformers, Cable network etc. include Power Evacuating facilities put up in relation to the Hydro Electric Generating Station, which has been handed over to the Electricity Board for transmission of Electricity and maintenance thereof.

\*\*\*Windmill includes Leasehold Land of Rs. 3,600,000/- (Previous Year - Rs. 3,600,000/-)

\*\*\*\*Pursuant to the Scheme as given in Note 4 of Schedule 17.



As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
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**SCHEDULE 6****INVESTMENTS**

(Other than Trade) (At cost unless otherwise stated)

**Long Term****Investment in Shares (Unquoted)****Shares in Subsidiary Company (Unquoted)**

Ayyappa Hydro Power Limited 12,500,000 (12,500,000) Equity Shares of Rs.10/- each fully paid-up	125,000,000	125,000,000
EDCL Power Projects Ltd. 2,50,000 (NIL) Equity Shares of Rs.10/- each fully paid-up	5,000,000	-
(A)	130,000,000	125,000,000

**Shares in Associate Company (Unquoted)**

Dhanashree Projects Limited 1,000,000 (497,000) Equity Shares of Rs.10/- each fully paid-up	-	22,862,000
(B)	-	22,862,000

**Investment in Shares ( Quoted )**

Tycoon Trades & Investments Ltd. (324760 equity shares of Rs.10/- each fully paid up)	649,520	-
Vas Animation Ltd. (1000 equity shares of Rs. 10/- each fully paid up)	89,004	-
(C)	738,524	-

Bharti Airtel Ltd.(*)(352 equity shares of Rs. 5/- each fully paid up)	102,129	-
HDFC Ltd. (*)(117 equity shares of Rs. 10/- each fully paid up)	77,659	-
HDFC Bank Ltd. (*)(87 equity shares of Rs. 10/- each fully paid up)	231,931	-
Hindustan Petroleum Corporation Ltd. (*)(551 equity shares of Rs. 10/- each fully paid up)	145,387	-
ITC Ltd. (*)(754 equity shares of Rs. 1/- each fully paid up)	132,821	-
Indoco Remedies Ltd. (*)(308 equity shares of Rs. 10/- each fully paid up)	123,339	-
Indian Oil Corporation Limited (*)(406 equity shares of Rs. 10/- each fully paid up)	86,271	-
KEC International Ltd. (*)(225 equity shares of Rs. 10/- each fully paid up)	164,738	-
Mphasis Ltd. (*)(100 equity shares of Rs. 10/- each fully paid up)	16,846	-
ONGC Ltd. (*)(142 equity shares of Rs. 10/- each fully paid up)	94,103	-
Rural Electrification Corporation Ltd. (*)(906 equity shares of Rs. 10/- each fully paid up)	61,101	-
Reliance Industries Ltd.(*)(374 equity shares of Rs. 10/- each fully paid up)	317,250	-
Sai Rayalaseema Paper Mills Ltd. (*)(18810 equity shares of Rs. 10/- each fully paid up)	228,542	-
United Phosphorous Ltd. (*)(468 equity shares of Rs. 2/- each fully paid up)	43,317	-
Zensar Technologies Ltd. (*)(556 equity shares of Rs. 10/- each fully paid up)	167,200	-
(D)	1,992,634	-

**Investments in Mutual Fund (Quoted)**

HDFC CMS Divd. Plus (*)	10,993	-
Reliance Liquid Fund (*)	1,182,733	-
(E)	1,193,726	-

<b>Total ( A+B+C+D+E )</b>	133,924,884	147,862,000
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<b>Aggregate market value of quoted investments</b>	44,864,696	-
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(\*) Investments through Portfolio Management Services



	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 7</b>		
<b>INVENTORIES</b>		
<b>(As taken, valued and certified by the management)</b>		
Contract Work-in-progress	5,967,818	-
Stores, Spares and Consumables	5,997,466	6,360,456
	<u>11,965,284</u>	<u>6,360,456</u>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Unsecured - Considered Good unless otherwise stated)</b>		
Outstanding for a period of more than six months	71,786,853	54,629,530
Other Debts	201,316,929	648,763,936
	<u>273,103,782</u>	<u>703,393,466</u>
<b>SCHEDULE 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash and cheques in hand	402,724	105,366
Balance with Scheduled Banks		
- on Current Accounts	63,627,953	2,801,298
- on Unpaid Dividend Account	228,735	148,389
- on Margin Money Accounts (under lien)	34,174,000	34,174,000
	<u>98,433,412</u>	<u>37,229,053</u>
<b>SCHEDULE 10</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured and considered good unless otherwise stated)</b>		
Advance against Equity to Subsidiaries	75,000,000	-
Loan to Subsidiary	360,000,000	200,000
Advance (recoverable in cash or in kind or for value to be received) (*)	104,407,593	29,512,213
Security Deposits	1,160,199	21,070,283
Advance Income Tax including Tax deducted at Source	51,833,438	50,358,108
Advance Fringe Benefit Tax	1,721,563	1,700,900
	<u>594,122,793</u>	<u>102,841,504</u>
(*) Includes Rs. 8,647,520/- (Previous Year Rs. Nil) amount receivable from Subsidiary Company.		
<b>SCHEDULE 10A</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Receivable	44,141	570
	<u>44,141</u>	<u>570</u>





As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
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**SCHEDULE 11****CURRENT LIABILITIES**

Sundry Creditors (Refer Note 8 of Schedule 17)	204,903,028	632,852,789
Advance received from customers	100,000,000	21,622,936
Unclaimed Dividend (*)	228,967	148,621
Book Overdraft	-	7,714,737
Other Liabilities (**)	19,943,287	9,159,850
	325,075,282	671,498,933

(\*) There is no amount due and outstanding to be credited to Investor Education and Protection Fund

(\*\*) Includes amount payable to Subsidiary Rs. 11,302,724 (Previous Year Rs. Nil)

**SCHEDULE 12****PROVISIONS**

Provision for Income Tax	58,125,064	57,803,515
Provision for Fringe Benefit Tax	1,734,924	1,714,763
Provision for Proposed Dividend	27,500,000	27,500,000
Provision for Dividend Distribution Tax	4,673,625	4,673,625
	92,033,613	91,691,903

Year Ended 31st March 2010 Rs.	Year Ended 31st March 2009 Rs.
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**SCHEDULE 13****OTHER INCOME**

Profit on Sale of Current Investment	123,931	2,282,156
Profit on Sale of Fixed Assets (Net)	-	1,099
Profit on Sale of Investments (Refer Note 5 of Schedule 17)	71,043,151	-
Interest Received (Gross of Tax deducted at source Rs. 5,36,871/- (Previous Year Rs.540,627/-))	5,758,247	2,677,127
Dividend on Current Investments	112,542	523,858
Liability no longer required written back	948,293	-
Miscellaneous Income	243,488	-
	78,229,650	5,484,240

**SCHEDULE 14****INCREASE/(DECREASE) IN STOCK**

Opening Stock of Contract Work-in-Progress	-	-
Less : Closing Stock of Contract Work-in-Progress	5,967,818	-
	5,967,818	-



	Year Ended 31st March 2010 Rs.	Year Ended 31st March 2009 Rs.
<b>SCHEDULE 15</b>		
<b>OPERATING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Cost of Power Purchased	978,034	908,933
Stores and Spares consumed	942,263	989,486
Contract, Consultancy and Service Charges	8,438,985	42,920,623
Rent	5,879,642	5,222,660
Repairs & Maintenance :		
- Plant & Machinery	5,088,077	3,243,715
- Others	1,184,707	1,633,088
Salary & Allowances	20,441,454	21,030,471
Contribution to Provident fund & other funds	270,132	296,919
Staff Welfare Expenses	1,112,764	1,217,911
Insurance	1,055,900	1,384,548
Rates & Taxes	1,622,511	812,354
Travelling & Conveyance Expenses	6,247,513	5,373,231
Payment to Auditors :		
- Statutory Audit	150,000	125,000
- Tax Audit	50,000	25,000
- Other Services	35,000	15,000
Legal & Professional charges	8,336,110	6,676,292
Security Services	1,015,712	1,109,206
Telephone, Fax, Postal etc.	4,210,570	1,770,830
Loss on Sale of Fixed Assets (Net)	99,038	-
Directors Meeting Fees	70,000	77,500
Irrevocable Balances Written-Off	173,480	-
Miscellaneous Expenses	7,462,685	5,150,377
	<u>74,864,576</u>	<u>99,983,144</u>
<b>SCHEDULE 16</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
<b>Interest Paid</b>		
On Cash-Credit	3,083,421	653,625
On Others	-	10,575
	<u>3,083,421</u>	<u>664,200</u>
Finance Charges	1,817,839	5,257,862
	<u>4,901,260</u>	<u>5,922,062</u>



## SCHEDULE 17

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS.

1. ACCOUNTING POLICIES1.1 **Basis of preparation of financial statements**

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

1.2 **Use of Estimates**

The preparation of financial Statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognised in the year in which the results become known/ materialise.

1.3 **Fixed Assets**

Fixed assets are stated at cost of acquisition/construction. Cost includes interest and pre-operative expenses as allocated to the fixed assets.

1.4 **Expenditure during Construction Period**

Expenditure related to and incurred during implementation of capital project is included under Capital Work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction/erection. Interest on borrowing costs related to qualifying asset is worked out on the basis of actual utilization of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and are capitalized with the cost of qualifying assets.

1.5 **Depreciation**

Depreciation on all assets, other than the plant and machinery has been provided on written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

In respect of assets of plant and machinery, depreciation has been provided on Straight Line Method at the rates prescribed under schedule XIV of The Companies Act, 1956.

Assets having value of Rs.5,000/- or less have been written off in the year of acquisition irrespective, of the period of use.

1.6 **Investments**

Long-term investments are valued at cost. Current investments are valued at lower of cost and fair value as on the date of the Balance Sheet. The Company provides for diminution in the value of investments, other than temporary in nature.

1.7 **Revenue Recognition**

- a) Sales of electricity generated are accounted for on delivery to the grid.
- b) Revenue in respect of Contract Division from sale of goods is recognized on delivery of the goods and from consultancy and other services are recognized on Proportionate Completion method with reference to the performance of the activities.

1.8 **Inventories**

Inventories are valued at cost or estimated net realisable value whichever is lower. Cost of inventory comprising Stores, spares and consumables are determined, applying weighted average method. Values of spares relating to the machinery are charged out as consumption, over the effective life of the plant and machinery to which they relate. Erection and maintenance tools are charged out over a period of five years.

Expenses incurred in respect of civil contract is included as work in process.



### 1.9 Impairment

Fixed Assets are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognised, whenever the carrying amounts of assets exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets.

### 1.10 Employees benefits

Employees benefits are accrued in the year services are rendered by the employees.

Contribution to defined contribution schemes such as Provident Fund etc. are recognized as and when incurred.

Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

### 1.11 Taxation

Provision for tax is made for current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent years are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets other than in respect of carried forward losses or unabsorbed depreciation are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized.

In pursuance of Section 80-IA of the Income Tax Act, 1961 the profits earned by various Generation Divisions is not taxable for a period of ten consecutive financial years out of fifteen years from commencement of operations, since those divisions are engaged in generation of electricity. Accordingly, based on the Accounting Standards interpretation on "Accounting for Taxes on Income AS 22", deferred tax accounting in respect of the timing differences arising and/or reversing during the tax holiday period has not been considered.

### 1.12 Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction of fixed assets are capitalized as part of the assets. Other borrowing costs are recognised as expenses in the year in which they are incurred.

### 1.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not provided for and are disclosed by way of notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

2. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.17,000,000 (Previous year Rs.57,500,000).

3. Capital work in Progress includes :

- a. Machinery in stock, construction /erection materials, advances for construction/erection works and machinery etc.
- b. Capital advances of Rs.1,600,000 (Previous year Rs.17,800,000)



- c. Pre-operative expenditure incurred during implementation of projects is as given below :

Particulars	As on 31.03.2010	As on 31.03.2009
<b>Balance brought forward</b>	<b>15,016,954</b>	41,966,954
Salaries and allowances	5,244,601	3,837,545
Contribution to Provident & Other Funds	-	24,684
Staff welfare expenses	457,155	497,741
Rent	385,000	138,900
Rates and Taxes	55,051	760,249
Insurance	-	237,662
Legal and Professional charges	726,914	410,329
Travelling and Conveyance expenses	6,269,395	5,662,175
Interest on Unsecured Loan	56,456,723	1,483,698
Miscellaneous expenses	37,014,048	90,975
Electricity & Gas Expenses	59,006	929,858
Contract charges	9,160,873	-
Less: Transferred to Fixed Assets	-	41,023,816
<b>Balance Carried to Balance Sheet</b>	<b>130,845,720</b>	15,016,954

4. A scheme of arrangement (the Scheme) for amalgamation of Dhanashree Projects Limited (Dhanashree) with the Company and transfer of 7MW Ullankal Hydel Power Project Undertaking (the undertaking) to EDCL Power Projects Limited (PPL), a wholly owned subsidiary with effect from 1st April 2009 (the appointed date) has been sanctioned by the Honorable High Court at Bangalore and Calcutta under Section 391 and Section 394 of the Companies Act, 1956 vide their Order dated August 12, 2010 and September 15, 2010 respectively. The following transactions have been given effect to in the books of accounts of the Company pursuant to the approval of the scheme as above and on filing the same with the Registrar of Companies at Bangalore on 9th September, 2010 and Kolkata on 18th September, 2010 :

- a) The following assets & liabilities pertaining to the Dhanashree has been transferred at their respective book values with effect from the appointed date :

Particulars	Amount (in Rs.)
Net Fixed Assets	129,338
Investments	18,786,503
Sundry Debtors	7,957
Cash and Bank balance	1,256,083
Loans, Advances and Deposits	27,066,387
Current Liabilities	(80,922)
<b>Net Assets</b>	<b>47,165,346</b>

- b) As Dhanashree is a wholly owned subsidiary, no shares are required to be issue as consideration. The difference between the existing investments and assets & liabilities transferred as above amounting to Rs.1,165,346 has been taken to capital reserve.

- c) The following assets and liabilities pertaining to the undertaking has been transferred at their respective book values with effect from the appointed date :

Particulars	Amount (in Rs.)
Net Fixed Assets	388,025,675
Sundry Debtors	9,858,763
Cash and Bank balance	150,545
Loans and Advances	557,113
Current Liabilities	(2,454,840)
<b>Net Assets</b>	<b>396,137,256</b>

The difference between the above assets and liabilities amounting to Rs.39,61,37,256 is the consideration receivable from PPL.



- d) The above consideration has been discharged by PPL as follows :

Particulars	Amount (in Rs.)
Equity shares to be issued	35,000,000
Amount payable considered as loan	360,000,000
Amount payable considered as current liabilities	1,137,256
	396,137,256

The entire amount has been included in loans and advances given to the subsidiary.

- e) The transfer obligation is required to be discharged by issue of 35,00,000 equity shares of Rs. 10/- each aggregating to Rs.35,000,000 by PPL. Pending increase in the authorized Share Capital and allotment of the equity shares as mentioned above, the same have been included under advance against equity to subsidiaries.
- f) In view of the management, there is no stamp duty leviable on transfer of property in the State of Kerala and no provision is required in this respect.
- g) During the year the operations of the undertaking was managed by the company on behalf of PPL and the net amount payable to them has been considered as liability included under other liability.
- h) As the scheme became effective on 18.09.2010 necessary formalities in respect of change in name for immovable properties, investment, bank accounts etc are in the process of being complied with.
5. Profit on sale of investments represents profit on disposal of investments received on amalgamation as given in Note 4 above.
6. In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business, at least equal to the amount at which these are stated in the Balance Sheet.
7. The company has entered into joint venture for execution of a contract for earthwork filling and compaction. The work carried out in respect of the said contract has been included in work in process and increase/decrease in stock.
8. The Company has not yet received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under the Act has not been given.
9. The break-up of Deferred Tax Assets and Liabilities is as follows :

Particulars	As on 1st April 2009	Transferred on Amalgamation as on 1st April 2009 (*)	Charge/(Credit) during the year	As on 31st March 2010
<b>Deferred Tax Assets</b>				
Expenses allowable on payment basis	772,067	-	(348,230)	423,837
<b>Deferred Tax Liabilities</b>				
Depreciation Difference	48,805,996	1,941	1,753,723	50,561,660
<b>Deferred Tax Liabilities (Net)</b>	48,033,929	1,941	2,101,953	50,137,823

(\*) Refer Note 4 above



10. Related Party disclosures pursuant to Accounting Standard -18 issued by the Institute of Chartered Accountants of India :

(a) <b>Key Management Personnel and their relative</b> Mr. Amar Singh (Chairman and Whole Time Director) Mrs. Pankaja Kumari Singh (Wife of Chairman and Whole Time Director) Mr. Sanjiv Saraf (Executive Director) Mrs. Indira Saraf (Wife of Mr. Sanjiv Saraf)
(b) <b>Subsidiary Company</b> Ayyappa Hydro Power Limited EDCL Power Projects Ltd. (with effect from 28th May 2009)
(c) <b>Associates</b> Sarvottam Caps Limited

The aggregate amount of transactions with the related parties as mentioned in (a) above is as below :

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
<b>Transactions during the year -</b>		
- <b>Managerial Remuneration</b>		
Mr. Amar Singh	4,800,000	4,800,000
Mr. Sanjiv Saraf	2,000,000	1,900,000
- <b>Rent</b>		
Mr. Amar Singh	360,000	360,000
Mrs. Pankaja Kumari Singh	300,000	300,000
Mr. Sanjiv Saraf	720,000	720,000
Mrs. Indira Saraf	420,000	420,000
- <b>Directors Sittings Fees</b>		
Mrs. Pankaja Kumari Singh	5,000	15,000
<b>Outstanding as at the year end -</b>		
- <b>Security Deposit Given</b>		
Mr. Amar Singh	300,000	300,000
Mrs. Pankaja Kumari Singh	300,000	300,000

The aggregate amount of transactions with the related parties as mentioned in (b) above is as below :

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
<b>Transactions during the year -</b>		
<b>Income from Operations</b>		
- EDCL Power Projects Ltd.	8,000,000	-
<b>Investment In Shares</b>		
- Ayyappa Hydro Power Limited	-	124,500,000
- EDCL Power Projects Ltd.	5,000,000	-
<b>Loans &amp; Advances Given</b>		
- Ayyappa Hydro Power Limited	4,00,00,000	-
- Ayyappa Hydro Power Limited	(200,000)	(69,800,000)
- EDCL Power Projects Ltd.	395,000,000	-
<b>Loans and Advances Taken</b>		
- EDCL Power Projects Ltd. (Net)	11,302,724	-
<b>Outstanding as at the year end -</b>		
<b>Loans &amp; Advances Given :</b>		
- Ayyappa Hydro Power Limited	40,000,000	200,000
- EDCL Power Projects Ltd.	403,647,520	-
<b>Loans and Advances taken :</b>		
- EDCL Power Projects Ltd.	11,302,724	-



The aggregate amount of transactions with the related parties as mentioned in (c) above is as below :

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
<b>Transactions during the year - Investment in Shares</b>		
- Dhanashree Projects Limited	-	22,862,000
<b>Interest paid</b>		
- Sarvottam Caps Limited	2,584,110	-

**Note :**

- i) Expenses charged to the wholly owned subsidiary (EDCL Power Projects Limited) on account of sharing of common expenses have not been included above.
  - ii) In respect of above parties, there is no provision for doubtful debts as on 31st March 2010 and no amount has been written off or written back during the year in respect of debts due from / to them.
  - iii) The above Related Party information is as identified by the Management and relied upon by the auditors.
11. (a) Details in respect of Generating Capacity

Particulars	31st March, 2010	31st March, 2009
The derated installed capacity*:		
- of the hydel power plants	9 M.W	16 M.W
- of the wind turbine generators	3 M.W	3 M.W
Total number of the units generated and sold (In million units)*		
- From the hydel power plants	27.38	28.036
- From wind turbine generators	5.82	4.393

\* This being a technical matter has been taken as certified by the management and has not been verified by the auditors.

During the year the 7 M.W Ullankal Division has been transferred as per the scheme of arrangement to EDCL Power Projects Limited and hence the same is not included above.

- (b) Units purchased from operations of plant 233,280 units.

- (c) Details in respect of goods purchased and sold :

The company purchases and sales various items primarily required in electrical projects and as these materials are denominated in different units quantitative details as required by certain clauses of Paragraph 3, 4C and 4D of the Part II of Schedule VI of the Companies Act 1956 has not been provided.

- (d) Value of consumption of stores and spare parts :

Particulars	31st March 2010		31st March, 2009	
	Rs.	%	Rs.	%
Imported	NIL	NIL	NIL	NIL
Indigenous*	357,357	100	369,672	100

\* Excluding Rs. 309,064/- (Previous year Rs. 309,064/-) on account of amortisation of spares.

**12. Employees Benefits :**

The disclosures required under Accounting Standard 15 "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006 (AS-15), are given below :

- (i) **Defined Contribution Scheme**

Contribution to Defined Contribution Plan, recognized for the year are as under :

Employer's Contribution to Provident Fund	Rs.80,552/- (Previous year Rs.94,419/-)
Employer's Contribution to Pension Fund	Rs.182,465/- (Previous year Rs.212,487/-)



(ii) **Defined Benefit Scheme**

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognized in the same manner as gratuity.

(Rs.in Lacs)

Particulars	Gratuity (Funded)	Leave Encashment (Non-Funded)	Gratuity (Funded)	Leave Encashment (Non-Funded)
	31.03.2010	31.03.2010	31.03.2009	31.03.2009
<b>Expenses Recognized in the Profit &amp; Loss Account</b>				
1. Current Service Cost	5.22	4.90	3.30	2.79
2. Interest Cost	1.70	1.38	1.23	0.87
3. Expected return on plan assets	(1.80)	0.00	(1.29)	0.00
4. Actuarial Losses / (Gains)	(6.51)	(6.61)	2.84	3.58
<b>Total Expenses</b>	<b>(1.39)</b>	<b>(0.33)</b>	6.08	7.24
<b>Change in the obligation during the year</b>				
<b>Present value of Defined Benefit Obligation at the beginning of the year</b>	<b>21.51</b>	<b>17.29</b>	14.18	10.05
1. Current Service Cost	5.22	4.90	3.30	2.79
2. Interest Cost	1.70	1.38	1.23	0.87
3. Benefit Paid	(0.46)	(0.20)	0.00	0.00
4. Actuarial (Gains) / Losses	(6.87)	(6.61)	2.80	3.58
<b>Present value of Defined Benefit Obligation at the end of the year</b>	<b>21.10</b>	<b>16.76</b>	21.50	17.29
<b>Change in Assets during the year ended March 31, 2010</b>				
<b>Plan Assets at the beginning of the year</b>	<b>16.09</b>	<b>0.00</b>	13.78	0.00
1. Contribution by Employer	8.33	0.20	1.06	0.00
2. Expected return on plan assets	1.80	0.00	1.28	0.00
3. Benefit Paid	(0.46)	(0.20)	0.00	0.00
4. Actuarial Gains / (Losses)	(0.36)	0.00	(0.04)	0.00
<b>Plan Assets at the end of the year</b>	<b>25.40</b>	<b>0.00</b>	16.09	0.00
<b>Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet during the year ended March 31, 2010</b>				
<b>Net Asset / (Liability) at beginning of the year</b>	<b>(5.42)</b>	<b>(17.29)</b>	(0.40)	(10.05)
1. Employer Expenses	1.39	0.33	6.08	7.24
2. Employer Contributions	8.33	0.20	1.06	0.00
<b>Net Asset / (Liability) at the end of the year</b>	<b>4.30</b>	<b>(16.76)</b>	(5.42)	(17.29)
<b>Actuarial Assumptions</b>				
1. Discount Rate	8.30%	8.30%	8.00%	8.00%
2. Expected Rate of Return on Plan Assets	9.00%	Not Applicable	9.00%	Not Applicable



## (iii) Disclosure in terms of Para 120(n) of AS-15 :

(Rs. in Lacs)

Particulars	Gratuity (Funded)		
	2009-2010	2008-2009	2007-2008
Present value of defined benefit obligations	(21.10)	(21.51)	(14.18)
Fair value of plan assets	25.40	16.09	13.78
Surplus/(Deficit)	4.30	(5.42)	(0.40)
Experience adjustment on plan liabilities (loss)/gain	5.95	(0.74)	(0.84)
Experience adjustment on plan assets (loss)/gain	(0.36)	(0.04)	(0.15)

## Notes :

- (a) Assumptions related to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- (b) During the year employees of Ullankal Hydro power undertaking have been transferred to EDCL Power Projects Limited. However the gratuity fund has not been separately identified for the same and remains included above while the liability has been separately identified and transferred.

## 13. (a) Managerial Remuneration paid to whole time Directors :

Particulars	31st March, 2010 (Rs.)	31st March, 2009 (Rs.)
Salary	4,400,000	4,300,000
Other Allowances	3,120,000	3,120,000
<b>Total</b> 7,520,000	7,420,000	

Company's contribution to Gratuity Fund and Leave Encashment has not been considered above.

## (b) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 and the commission payable to Non Executive Directors :

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
Profit before tax	139,986,401	224,823,678
Add :		
Managerial Remuneration	7,520,000	7,420,000
Commission to Non Executive Directors	-	175,000
Director Sittings Fees	30,000	77,500
Provision for Wealth Tax	32,000	76,464
Loss on Sale of Fixed Assets	133,085	-
	<b>147,568,401</b>	<b>232,572,642</b>
Less :		
Profit on sale of Fixed assets	34,047	1,099
Profit on sale of Investments	71,167,082	2,282,156
	71,201,129	2,283,255
Profit as per Section 198 of the Companies Act, 1956	76,367,272	230,289,387
Maximum Managerial Remuneration payable at 10 %	7,636,727	23,028,939
Maximum Commission to Non Executive Directors payable at 1%	763,673	2,302,894
Commission paid to Directors	NIL	175,000



#### 14. Segment Reporting

Segments have been identified in line with the Accounting Standards AS-17 taking into account the organization structure as well as the differencing risk and return. The Company's business segment comprises of generation and sale of electricity (SOE) and sale of electrical project materials, consultancy and service charges (Contract Division). These have been identified by the type of their respective sales and services rendered.

Particulars	SOE		Contract Division		Total	
	2009-10 (Rs.)	2008-09 (Rs.)	2009-10 (Rs.)	2008-09 (Rs.)	2009-10 (Rs.)	2008-09 (Rs.)
<b>Revenue :</b>						
External sales*	121,587,979	110,004,240	194,243,698	1,062,358,148	315,831,677	1,172,362,388
<b>Result :</b>						
Segments	79,949,073	62,883,502	21,435,375	191,573,725	101,384,448	254,457,227
Less-Interest and Finance Charges					4,901,260	5,922,062
Less: Other common expenses (net)					(43,503,213)	23,799,961
Total Profit Before Tax					139,986,401	224,735,204
Provisions For Tax					25,917,992	56,967,488
Profit After Tax					114,068,409	167,767,716
Segments Assets	1,148,399,885	1,321,626,383	275,637,674	704,380,477	1,424,037,559	2,026,006,860
Unallocable Corporate Assets					820,235,897	271,627,006
<b>TOTAL</b>					2,244,273,456	2,297,633,866
Segments Liabilities	494,498,062	303,312,858	279,085,213	650,171,764	773,583,275	953,484,622
Unallocable Corporate Liabilities					1,470,690,181	1,344,149,244
<b>TOTAL</b>					2,244,273,456	2,297,633,866

\* Sales/Income from operations includes Rs.35,272,487/- (Previous Year Rs.169,213,805 /-) on account of income from consultancy and other services.

Revenue and expenses have been identified to segment on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relates to enterprise as a whole and not allocable to segment on a reasonable basis have been included under the head other common expenses.

As the company operates entirely in India no secondary segment has been identified for the above purpose.

#### 15. Earning Per Share(EPS) :

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
<b>A. Basic Earning per share has been computed as under:</b>		
(a) Profit after tax	114,068,409	167,856,190
(b) Weighted Average Number of Equity Shares issued (Nos.)	27,500,000	27,500,000
(c) Basic Earning per share on profit after tax	4.15	6.10
<b>B. Diluted Earning per share has been computed as under:</b>		
(a) Profit after tax	114,068,409	167,856,190
(b) Weighted Average Number of Equity Shares issued (Nos.)	27,500,000	27,500,000
Add : Equity Shares that would have been issued on conversion of Warrant	-	5,702,740
<b>Total</b>	27,500,000	33,202,740
(c) Diluted Earning per share on profit after tax	4.15	5.06



16. During the year the warrant holders in respect of 7,500,000 warrants allotted to promoters and independent investors on preferential basis have not exercised their option to convert the warrant into shares within eighteen months. Accordingly, the entire amount of Rs.12,40,00,000 received at the time of allotment of aforesaid warrants was forfeited and the same was transferred to Capital Reserve.
17. The 7MW Ullankal Hydro Electric project has been transferred to wholly owned subsidiary EDCL Power Projects Ltd. with effect from 01.04.2009. Further associate Company Dhanashree Projects Ltd. has been merged with the company with effect from 01.04.2009 and hence previous year's figures are not strictly comparable. Previous year's figures have been regrouped and rearranged wherever considered necessary.

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	As per our report of even date	For and on Behalf of the Board of Directors
	For <b>Lodha &amp; Co.</b>	Sd/- <b>Amar Singh</b> , <i>Chairman</i>
	<i>Chartered Accountants</i>	Sd/- <b>Sanjiv Saraf</b> , <i>Executive Director</i>
Place : New Delhi	Sd/- <b>H. S. Jha</b>	Sd/- <b>Pankaja Kumari Singh</b> , <i>Director</i>
Dated : 28th September, 2010	<i>Partner</i>	Sd/- <b>Sunnoo Bahri</b> , <i>Dy. Company Secretary</i>

**CASH FLOW STATEMENT** FOR THE YEAR ENDED 31.03.2010

Amount (Rs.)

Particulars	For the Year Ended 31st March, 2010		For the Year Ended 31st March, 2009	
<b>A) Cash Flow From Operating Activities :</b>				
Profit/ (Loss) before taxation		139,986,401		224,735,204
<b>Adjustments for :</b>				
Depreciation	33,826,767		38,360,685	
Amortisation of Stores, Spares & Tools	309,064		309,063	
Interest & Finance Charges	4,901,260		5,922,062	
(Profit)/Loss on Sale of Fixed Assets(Net)	99,038		(1,099)	
(Profit)/Loss on Sale of Current Investment	(123,931)		(2,282,156)	
(Profit)/Loss on Sale of Investments	(71,043,151)		-	
Interest Received	(5,758,247)		(2,677,127)	
Irrevocable Balances Written-Off	173,480		-	
Liability no longer required written back	(948,293)		-	
Dividend on current investments	(112,542)	(38,676,554)	(523,858)	39,107,570
<b>Operating Profit before Working Capital Changes</b>		<b>101,309,847</b>		<b>263,842,774</b>
<b>Adjustments for :</b>				
(Increase)/Decrease in Inventory	(5,913,893)		(565,861)	
(Increase)/Decrease in Trade and Other receivables	352,626,356		(523,259,417)	
Increase/(Decrease) in Trade and Other payables	(343,028,343)	3,684,121	482,017,369	(41,807,909)
<b>Cash generated from operations</b>		<b>104,993,968</b>		<b>222,034,865</b>
Direct Taxes paid (Net of refund)		(24,609,378)		(28,467,946)
<b>Net Cash Flow from Operating Activities</b>		<b>80,384,590</b>		<b>193,566,919</b>
<b>B) Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets		(15,104,059)		(495,830,952)
Sale of Fixed Assets		146,000		1,100
Capital Work In Progress		(239,584,732)		(4,772,509)
Purchase of Investments		(28,138,000)		(147,362,000)
Sale of Investments		86,028,701		56,339,381
Interest Received		5,714,676		3,279,360
Dividend Received		112,542		523,858
<b>Net Cash Flow from Investing Activities</b>		<b>(190,824,872)</b>		<b>(587,821,762)</b>
<b>C) Cash Flow from Financing Activities</b>				
Proceeds of Share Warrants		-		54,000,000
Proceeds from / (repayments) of borrowings		207,613,988		359,552,176
Interest & Finance Charges		(4,901,260)		(5,922,062)
Dividend Paid		(27,500,000)		(27,500,000)
Dividend Distribution Tax Paid		(4,673,625)		(4,673,625)
<b>Net Cash flow from Financing Activities</b>		<b>170,539,104</b>		<b>375,456,489</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>60,098,821</b>		<b>(18,798,354)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		<b>37,229,053</b>		<b>56,027,407</b>
<b>Adjustments due to Amalgamation and Transfer of Undertaking (Refer Note 4 below)</b>		<b>1,105,538</b>		<b>-</b>
<b>Cash and Cash equivalents at the end of the year</b>		<b>98,433,412</b>		<b>37,229,053</b>

**Notes :**

- 1) Cash and Bank Balance as on 31.03.2010 includes Rs.34,174,000/- (Previous Year Rs.34,174,000/-) as Margin Money Accounts.
- 2) Cash Flow Statement is prepared by the indirect method as set out in Accounting Standard - 3 on Cash Flow Statement.
- 3) Cash & Cash Equivalents presented in the statement consists of cash in hand and demand deposits with bank as on the balance sheet date.
- 4) Consequent to scheme of arrangement for amalgamation of Dhanashree Projects Limited with the Company and transfer of 7 MW Ullankal Project Undertaking with effect from 1st April 2009 as per Note 4 of Schedule 17, figures relating to erstwhile Dhanashree Projects Limited has been included in the respective figures given herein above and cash and bank balances acquired in this respect has been shown separately with cash and cash equivalents.

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

Sd/- **H. S. Jha**

Partner

For and on Behalf of the Board of Directors

Sd/- **Amar Singh, Chairman**Sd/- **Sanjiv Saraf, Executive Director**Sd/- **Pankaja Kumari Singh, Director**Sd/- **Sunnoo Bahri, Dy. Company Secretary**

Place : New Delhi

Dated : 28th September, 2010



## BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

(a) **Registration Details**

Registration No.	L85110KA1995PLC017003	State Code:	08
Balance Sheet Date:	31.03.2010		

(b) **Capital raised during the year ( Rs. '000 )**

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	-

(c) **Position of Mobilisation and Deployment of Funds ( Rs. '000 )**

Total Liabilities	1,827,153	Total Assets	1,827,153
<b>Source of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	275,000	Net Fixed Assets	1,132,667
Share Warrant	-	Investments	133,925
Reserve & Surplus	934,667	Net Current Assets	560,561
Secured Loans	99,148	Miscellaneous Exp.	-
Unsecured Loans	468,200	Accumulated Losses	-
Deferred Tax Liability	50,138		

(d) **Performance of the Company ( Rs. '000 )**

Turnover	400,029
Total Expenditure	260,043
Profit before Tax	139,986
Profit after Tax	114,068
Earnings per share in Rs.	
- Basic	4.15
- Diluted	4.15
Dividend rate %	10%

(e) **Generic Names of three Principal Products / Services of Company ( as per monetary terms )**

Item Code No. (ITC Code) : N.A.	Product Description : Hydel Power & Wind Power
Item Code No. (ITC Code) : N.A.	Product Description : Electrical Materials
Item Code No. (ITC Code) : N.A.	Product Description : Consultancy Services

Figures in rupees have been rounded off to the nearest thousands

Place : New Delhi  
Dated : 28th September, 2010

For and on Behalf of the Board of Directors  
Sd/- **Amar Singh**, Chairman  
Sd/- **Sanjiv Saraf**, Executive Director  
Sd/- **Pankaja Kumari Singh**, Director  
Sd/- **Sunnoo Bahri**, Dy. Company Secretary



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

1.	Name of the Subsidiary	Ayyappa Hydro Power Limited	EDCL Power Projects Limited
2.	The Company's interest in the subsidiaries as on March 31, 2010 (a) No. of Equity Shares (b) Face Value (c) Equity Holding	1,25,00,000 Rs. 10 100%	2,50,000 Rs. 10 100%
3.	The Net Aggregate of Profits / (Losses) of the Subsidiary Company for its Financial year so far as they Concern the Members of Energy Development Company Limited : - (a) Dealt with in the Accounts of Energy Development Company Limited for the year ended 31.03.2010 (b) Not Dealt with in the Accounts of Energy Development Company Limited for the year ended 31.03.2010 (Net of Taxes)	NIL  Rs. (260,756)	NIL  Rs. 5,129,404
4.	The Net Aggregate of Profits / (Losses) of the Subsidiary Company for the Previous Financial years so far as they Concern the Members of Energy Development Company Limited : - (a) Dealt with in the Accounts of Energy Development Company Limited upto year ended 31.03.2009 (b) Not Dealt with in the Accounts of Energy Development Company Limited upto year ended 31.03.2009	NIL  Rs. (554,370)	Not Applicable  Not Applicable

**Note : As the financial year of the Company coincide with the financial year of the holding Company, Section 212(5) of the Companies Act, 1956, is not applicable.**

## AYYAPPA HYDRO POWER LIMITED

ANNUAL REPORT & ACCOUNTS 2009 -2010

### DIRECTORS ' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting the 5th Annual Report of your Company along with the Audited Accounts for the year ended on 31st March, 2010.

#### FINANCIAL HIGHLIGHTS

	As on 31.03.2010 (Rupees)	As on 31.03.2009 (Rupees)
Net Profit/ (Loss) before Tax	(260,756)	(409,370)
Provision for tax	-	(145,000)
Net Profit/ (Loss) after Tax	-	(554,370)
Profit / (Loss) brought forward from previous year	(757,878)	(203,508)
Deficit carried to Balance Sheet	(1,018,634)	(757,878)

#### DIVIDEND

The directors do not recommend any dividend for the year under review.

#### KARIKKAYAM PROJECT

The execution of 15 MW Karikkayam Hydel Power Project, in the State of Kerala is in full swing. Necessary land for the project facilities is already in possession. Portion of the submersible land is in the process of being acquired. The government of Kerala has already issued acquisition notice for the same.

The financial closure for the Project has been achieved. The Project is scheduled to be completed in two phases. The entire generation from this unit shall be sold to Kerala Electricity Board under Long term Power Purchase agreement (PPA). The PPA is yet to be signed. Barring unforeseen circumstances the first phase of the project is likely to be operational in the financial year 2010-11.

#### HOLDING COMPANY

Energy Development Company Limited hold 100% paid-up capital of the Company and the Company continues to be its wholly owned subsidiary.

#### DIRECTORS

Mr. Sanjiv Saraf, Director is retiring by rotation and being eligible offers himself for re-appointment. The Board has also received Form 'DD-A' pursuant to the Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming that he has not incurred any disqualification under section 274(1)(g) of the Companies Act, 1956.

The Board recommends his re-appointment.

#### AUDITORS

The retiring Auditors M/s. Lodha & Co., Chartered Accountants, vacate their office at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment as auditors of the company to hold office from the conclusion of the ensuing Annual General Meeting, till the conclusion of the next Annual General Meeting.



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**AYYAPPA HYDRO POWER LIMITED**ANNUAL REPORT & ACCOUNTS 2009 -2010

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**DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 with regard to the Directors' Responsibility Statement, the Board of Directors confirms that :

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures;
- (b) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year on 31st March, 2010 and of the Profit or Loss of the company, for the year ended on that date.
- (c) 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.
- (d) the annual accounts have been prepared on a going concern basis.

**PARTICULARS OF ENERGY CONSERVATION, ETC.**

The Company is setting up a Hydel Power Plant, besides that it does not have any other business. Hence, the consumption of power is only in respect of construction activities and general office purposes. There is no question of technology absorption. Since your company does not fall under the category of industries specified, in the Schedule to the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, it need not furnish any information in Form - A, prescribed therein. There is no foreign exchange earning or outgo and no technology absorption during the year under review.

**PERSONNEL**

None of the employees were in receipt of remuneration in excess of the limits laid down under section 217(2A) of the Companies Act, 1956. Hence, no particulars are required to be given in pursuance of the said section read with the Companies (Particulars of Employees) Rules, 1975.

For and on behalf of the Board

Place : Kolkata

Date : 14th August, 2010

Sd/- **Sanjiv Saraf**, *Director*

Sd/- **Lalit Kumar Sadani**, *Director*

## AUDITORS ' REPORT TO THE MEMBERS OF AYYAPPA HYDRO POWER LIMITED

We have audited the attached Balance Sheet of Ayyappa Hydro Power Limited ('the company') as at 31st March 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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 misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, ("the order"), as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act") and on the basis of such checks of the books of records of the company as we considered appropriate and according to the information and explanations given to us, we report that :
  - i) The Company has no fixed assets and accordingly, clauses (i) (a) to (i) (c) of the order are not applicable to the company.
  - ii) The Company has no inventory and accordingly, clauses (ii) (a) to (ii) (c) of the order are not applicable to the Company.
  - iii)
    - (a) The company has not granted any secured or unsecured loan to any party covered in the register maintained under section 301 of the Act. Accordingly provisions of Clause 4 (iii) (a) to (d) of the Order are not applicable to the company.
    - (b) The company has taken interest free unsecured loan from its' holding company and other loans from two companies covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs.945,150,000/- and the outstanding amount as at 31st March, 2010 was Rs.15,000,000/-.
    - (c) The rate of interest and other terms and conditions of aforesaid loans taken by the company, are prima facie not prejudicial to the interest of the company.
    - (d) The company has been regular in repayment of the principal amount and interest thereon as applicable.
  - iv) As there is no purchase of Inventories and fixed assets or any sale of goods the clause 4 (iv) of the Order is not applicable to the company.
  - v) According to the information and explanations given to us and as per the records of the Company, there is no transaction that needs to be entered in the register required to be maintained under Section 301 of the Act. Accordingly, the provisions of Clause 4 (v)(b) of the order is not applicable to the company.
  - vi) The Company has not accepted any deposits from the public and as such compliance of the provisions of Section 58A and 58AA or any other relevant provisions of the Act and companies (Acceptance of Deposits) Rules 1975 does not arise.
  - vii) The requirement of internal audit system is not applicable to the company.

- viii) Since the Company has not commenced its operations the requirement for maintenance of cost records as prescribed by the Central government Clause (d) of sub-section 209 of the Act, is not applicable to the company.
- ix) (a) According to the information and explanation given to us and as per the records of the Company Investor Education and Protection Fund, Provident Fund, Employees' State Insurance, Wealth Tax, Service Tax, Sales Tax, Custom duty. Excise duty, cess are not applicable during the year to the Company. There is no amount outstanding as at 31st March, 2010 for more than six months from the date they become payable in respect of Income Tax.
- (b) According to the information and explanations given to us and read with Para (a) above there are no dues that have not been deposited with the appropriate authority on account of any disputes.
- x) The Company has been registered for a period of less than five years. Accordingly the provisions of Clause (x) of the order related to accumulated losses at the end of the year and cash losses in the financial year are not applicable to the Company.
- xi) According to the records of the company, we are of the opinion that the Company has no amounts due to financial institutions or debenture holders or bank. Accordingly the provisions of clause (xi) of the order are not applicable to the Company.
- xii) Based on our examinations of the records and the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of Clause (xii) of the Order are not applicable to the company.
- xiii) In our Opinion, the Company is not a chit fund or a Nidhi /Mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- xiv) In our Opinion the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.
- xvi) According to the information and explanations given to us, no fresh term loan has been taken during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that no short term funds have been utilized for long-term investments.
- xviii) The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of Clause 4 (xviii) of the order are not applicable to the company.
- xix) The Company has not issued any debenture during the year. Accordingly, the provisions of Clause 4 (xix) of the order are not applicable to the company.
- xx) The Company has not raised money by public issue during the year. Accordingly, the provisions of Clause 4 (xx) of the order are not applicable to the company.
- xxi) During the course of our examinations of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instances of fraud on or by the Company, noticed and reported during the year, nor have we been informed of any such case by the management.

**AYYAPPA HYDRO POWER LIMITED**

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2. Further to above, we report that :
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared in compliance with the applicable accounting standards referred to in Section 211 (3C) of the Act.
  - e) On the basis of the written representations from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Act.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the act in the manner so required and read together with other notes thereon give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - ii) In the case of Profit and Loss Account of the Company, of the loss for the year ended on that date and
    - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Lodha & Co.**  
*Chartered Accountants*  
*Firm's ICAI Registration No. 301051E*  
**Sd/- H. S. Jha**  
*Partner*  
Membership No. : 055854

Place: Kolkata  
Date : 14.08.2010

**AYYAPPA HYDRO POWER LIMITED**

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**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	125,000,000	125,000,000
<b>LOAN FUNDS</b>			
Unsecured Loans	2	217,800,000	110,700,000
<b>TOTAL</b>		<b>342,800,000</b>	<b>235,700,000</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Capital Work In Progress (Refer Note 5 of Schedule 7)		384,441,891	232,567,152
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Cash and Bank Balances	3	9,592,536	1,948,587
Loans and Advances	4	911,288	11,484,166
		10,503,823	13,432,753
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	5	53,019,349	1 0,919,622
Provisions	6	145,000	145,000
		53,164,349	11,064,622
<b>NET CURRENT ASSETS</b>		<b>(42,660,526)</b>	<b>2,368,131</b>
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)			
Preliminary Expenses		—	6,839
<b>PROFIT &amp; LOSS ACCOUNT DEBIT BALANCE</b>		<b>1,018,634</b>	<b>757,878</b>
<b>TOTAL</b>		<b>342,800,000</b>	<b>235,700,000</b>

Significant Accounting Policies &amp; Notes to the Accounts 7

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

As per our report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Sd/- **H. S. Jha**  
Partner

Place : Kolkata  
Dated : 14th August, 2010

For and on Behalf of the Board of Directors  
Sd/- **Lalit Kumar Sadani**, Director  
Sd/- **Sanjiv Saraf**, Director  
Sd/- **Ajay Kumar Chowdhary**, Director  
Sd/- **Amrita Kumari**, Company Secretary

**AYYAPPA HYDRO POWER LIMITED**

ANNUAL REPORT &amp; ACCOUNTS 2009 -2010

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule	Year Ended 31st March, 2010 Rs.	Year Ended 31st March, 2009 Rs.
<b>INCOME</b>			
Interest Received (Gross of tax deducted at source Rs.Nil) (Previous year Rs.144,826/-)		—	703,038
		—	703,038
<b>EXPENDITURE</b>			
Rates & Taxes		4,250	843,424
Audit Fees		20,000	15,000
Bank Charges		2,137	5,506
Preliminary Expenses Written off		6,839	6,839
Miscellaneous Expenses		47,530	181,639
Salary		180,000	60,000
		260,756	11,12,408
<b>Profit/ (Loss) before tax</b>		<b>(260,756)</b>	<b>(409,370)</b>
Provision for taxation			
– Current Income Tax		—	135,000
– Fringe Benefit Tax		—	10,000
		—	145,000
<b>Profit/ (Loss) after tax</b>		<b>(260,756)</b>	<b>(554,370)</b>
Profit/ (Loss) Brought Forward From Previous Year		<b>(757,878)</b>	<b>(203,508)</b>
<b>Deficit Carried to Balance Sheet</b>		<b>(1,018,634)</b>	<b>(757,878)</b>
<b>Earning Per Share</b>			
Basic & Diluted		(0.02)	(4.69)
Face value of shares		10	10
No. of shares		12,500,000	12,500,000

Significant Accounting Policies &amp; Notes to the Accounts

7

**The Schedules referred to herein above form an integral part of the Profit & Loss Account.**

Place : Kolkata  
Dated : 14th August, 2010

As per our report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Sd/- **H. S. Jha**  
Partner

For and on Behalf of the Board of Directors  
Sd/- **Lalit Kumar Sadani**, Director  
Sd/- **Sanjiv Saraf**, Director  
Sd/- **Ajay Kumar Chowdhary**, Director  
Sd/- **Amrita Kumari**, Company Secretary

**AYYAPPA HYDRO POWER LIMITED**

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**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
15,000,000 (15,000,000) Equity shares of Rs. 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
	<u>150,000,000</u>	<u>150,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
12,500,000 (12,500,000) Equity shares of Rs. 10/- each. (Held by the Holding Company, Energy Development Company Limited)	<u>125,000,000</u>	<u>125,000,000</u>
	<u>125,000,000</u>	<u>125,000,000</u>
<b>SCHEDULE 2</b>		
<b>UNSECURED LOANS</b>		
From Holding Company	—	2,00,000
From Bodies Coporates	<u>217,800,000</u>	<u>110,500,000</u>
	<u>217,800,000</u>	<u>110,700,000</u>
<b>SCHEDULE 3</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in hand	33,104	25,526
Balance with Schedule Banks – On Current Accountt	<u>9,559,432</u>	<u>1,923,061</u>
	<u>9,592,536</u>	<u>1,948,587</u>
<b>SCHEDULE 4</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Advance (recoverable in cash or in kind or for value to be received)	6,18,127	11,91,005
Security Deposits	90,000	1,00,90,000
Advance Income Tax including Tax Deducted at Source	1,93,161	1,93,161
Advance Fringe Benefit Tax	10,000	10,000
	<u>9,11,288</u>	<u>1,14,84,166</u>
<b>SCHEDULE 5</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note No. 3 of Schedule 7)	1,29,95,116	9,33,458
Other Liabilities	24,233	99,86,164
Share Application Advance	4,00,00,000	—
	<u>5,30,19,349</u>	<u>1,09,19,622</u>
<b>SCHEDULE 6</b>		
<b>PROVISIONS</b>		
Provision for Income Tax	135,000	135,000
Provision for Fringe Benefit Tax	10,000	10,000
	<u>145,000</u>	<u>145,000</u>

**SCHEDULE - 7**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

**1. Accounting Policies**

**A) General**

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

**B) Use of Estimates**

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognized in the year in which the results become known/ materialize.

**C) Fixed assets**

Fixed Assets are stated at cost of acquisition / construction. Expenses relating to Project prior to commencement of commercial production are classified as preoperative expenditure.

Capital work in progress includes advances given for capital project.

**D) Preliminary Expenses**

Preliminary Expenses are written off over a period of five years.

**E) Borrowing Cost**

Borrowing cost incurred in relation to the acquisition, construction of qualifying asset are capitalised as part of cost of such assets. Other borrowing costs are charged as an expense in the year in which these are incurred.

**F) Income Tax**

Provision for tax is made for both current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent periods are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets are not recognized unless there is sufficient assurance with respect to reversal of the same in future years.

**G) Expenditure during construction period**

Expenditure related to and incurred during implementation of capital project is included under Capital Work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction / erection. Interest on borrowing costs related to qualifying asset is worked out on the basis of actual utilization of funds out of project specific loans and / or other borrowings to the extent identifiable with the qualifying asset and are capitalized with the cost of qualifying assets.

**2. Capital Commitment:**

Estimated amount of contract remaining to be executed on capital account (net of advances) Rs 125,021,182/- (Previous year Rs. 228,370,090/-).

3. The company has not yet received information from vendors regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year-end together with interest paid/payable under the Act has not been given.



**AYYAPPA HYDRO POWER LIMITED**

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**4. Related Party disclosures as required by Accounting Standard 18 :**

Name of the Party	Relationship
a) Holding Company	Energy Development Company Limited
b) Associates	Sarvottam Caps Limited Dhanashree Projects Limited

The aggregate amount of transactions with related parties as mentioned in (a) above is as below :

(Amount in Rs.)

Particulars	2009-2010	2008-2009
<b>Transactions during the year :</b>		
Allotment of Equity Shares	—	1,24,500,000
Unsecured Loan received	199,000,000	—
Unsecured Loan repaid	199,200,000	6,800,000
<b>Payable as at the year end</b>		
Unsecured Loans	—	200,000

The aggregate amount of transactions with related parties as mentioned in (b) above is as below :

(Amount in Rs.)

Particulars	2009-2010	2008-2009
<b>Transactions during the year :</b>		
Unsecured Loan received		
– Sarvottam Caps Limited	20,000,000	—
– Dhanashree Projects Limited	55,450,000	16,500,000
Unsecured Loan repaid		
– Sarvottam Caps Limited	71,500,000	—
– Dhanashree Projects Limited	71,950,000	—
Interest Paid		
– Sarvottam Caps Limited	6,232,602	6,650,000
– Dhanashree Projects Limited	—	65,753
Share Application Advance Received		
– Dhanashree Projects Limited	40,000,000	—
<b>Payable as at the year end</b>		
Unsecured Loans		
– Sarvottam Caps Limited	15,000,000	66,500,000
– Dhanashree Projects Limited	—	16,500,000
Interest Payable		
– Sarvottam Caps Limited	—	5,280,100
– Dhanashree Projects Limited	—	52,208
Share Application Advance Received		
– Dhanashree Projects Limited	40,000,000	—

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5. (a) The power plant of the Company continues to be under construction. Pending outcome of the steps taken for completion of the project, the cost of machineries and equipments, advances there against and expenditure incurred during construction period have been carried forward under capital work in progress. Adjustment, in the value of assets including impairment thereof and pre-operative expenditure as may be required will be carried out on completion of the project.
- (b) Capital work in progress includes
- (i) machinery in stock, construction / erection materials, advances for construction / erection works and machinery etc.
- (ii) capital advances of Rs. 193,448,517/- (Previous Year Rs. 199,314,453/-)
- (iii) pre-operative expenditure incurred during implementation of project as given below :

(Amount in Rs.)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Balance brought forward	30,905,593	16,022,915
Salary & Allowances	373,880	-
Advertisement	-	298,000
Rent	2,658,897	1,254,000
Rates & Taxes	347,775	180,181
Insurance	442,571	-
Professional Fees	853,697	594,400
Travelling & Conveyance	1,267,905	469,419
Interest Charges	11,609,062	11,757,670
Miscellaneous Expenses	3,049,196	329,008
Balance carried forward	51,508,576	30,905,593

6. Previous year's figures have been re-grouped/re-arranged wherever considered necessary.

Place : Kolkata  
Dated : 14th August, 2010

As per our report of even date  
For **Lodha & Co.**  
*Chartered Accountants*  
Sd/- **H. S. Jha**  
*Partner*

For and on Behalf of the Board of Directors  
Sd/- **Lalit Kumar Sadani**, *Director*  
Sd/- **Sanjiv Saraf**, *Director*  
Sd/- **Ajay Kumar Chowdhary**, *Director*  
Sd/- **Amrita Kumari**, *Company Secretary*

**AYYAPPA HYDRO POWER LIMITED**

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010**

Particulars	31.03.2010		31.03.2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
<b>A) Cash Flow From Operating Activities:</b>				
Profit/ (Loss) before tax and extraordinary items		(2,60,756)		(4,09,370)
<b>Adjustments for :</b>				
Preliminary Expenses written off	6,839		6,839	
Interest on Fixed Deposits	—	6,839	(7,03,038)	(6,96,199)
<b>Operating Profit before Working Capital Changes</b>		(2,53,917)		(11,05,569)
<b>Adjustments for :</b>				
(Increase)/Decrease in Trade and Other receivables	1,05,72,878		(1,10,13,505)	
Increase/(Decrease) in Trade and Other payables	20,99,727	1,26,72,605	1,08,59,770	(1,53,735)
Cash generated from operations		1,24,18,688		(12,59,304)
Direct Taxes paid		—		(1,54,826)
<b>Net Cash Flow from Operating Activities</b>		1,24,18,688		(14,14,130)
<b>B) Cash Flow from Investing Activities</b>				
Purchase and Sale of Fixed Assets(Net) & Capital Work In Progress	(15,18,74,739)		(3,83,65,932)	
Interest Received	—	(15,18,74,739)	7,03,038	(3,76,62,894)
<b>Net Cash Flow from Investing Activities</b>		(15,18,74,739)		(3,76,62,894)
<b>C) Cash Flow from Financing Activities</b>				
Long Term Borrowings received / (repayment)	10,71,00,000		(11,58,00,000)	
Proceeds from allotment of Share Capital	—		12,45,00,000	
Share Application money received / (repayment)	4,00,00,000	14,71,00,000	—	87,00,000
<b>Net Cash flow from Financing Activities</b>		14,71,00,000		87,00,000
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		76,43,949		(3,03,77,023)
<b>Cash and Cash equivalents at the beginning of the year</b>		19,48,587		3,23,25,610
<b>Cash and Cash equivalents at the end of the year</b>		95,92,536		19,48,587

**Notes :**

1) Cash Flow Statement is prepared by the indirect method as set out in Accounting Standard - 3 on Cash Flow Statement.

 Place : Kolkata  
 Dated : 14th August, 2010

 As per our report of even date  
 For **Lodha & Co.**  
*Chartered Accountants*  
 Sd/- **H. S. Jha**  
*Partner*

 For and on Behalf of the Board of Directors  
 Sd/- **Lalit Kumar Sadani**, *Director*  
 Sd/- **Sanjiv Saraf**, *Director*  
 Sd/- **Ajay Kumar Chowdhary**, *Director*  
 Sd/- **Amrita Kumari**, *Company Secretary*

**BALANCE SHEET ABSTRACT AND COMPANY 'S BUSINESS PROFILE**

(a) **Registration Details**

Registration No.	U40100WB2005PLC116955	State Code :	21
Balance Sheet Date	31.03.2010		

(b) **Capital raised during the year (Rs. in '000)**

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	-

(c) **Position of Mobilisation and Deployment of Funds (Rs. in '000)**

Total Liabilities	3,42,800	Total Assets	3,42,800
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**Source of Funds**

Paid-up Capital	1,25,000
Reserve & Surplus	-
Secured Loans	-
Unsecured Loans	2,17,800

**Application of Funds**

Net Fixed Assets	3,84,442
Investments	-
Net Current Assets	(42,661)
Misc. Expenses	-
Accumulated Losses	1,019

(d) **Performance of the Company (Rs. in '000)**

Turnover	-
Total Expenditure	261
Profit/(Loss) Before Tax	(261)
Profit/(Loss) After Tax	(261)
Earnings per share in Rs.	
- Basic & Diluted	(0.02)
Dividend rate %	-

(e) **Generic Names of three Principal Products / Services of Company (as per monetary terms)**

Item Code No. (ITC Code) : N.A.	Product Description: Hydel Power
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**Figures in rupees have been rounded off to the nearest thousands.**

Place : Kolkata  
Dated : 14th August, 2010

For and on Behalf of the Board of Directors  
Sd/- **Lalit Kumar Sadani**, Director  
Sd/- **Sanjiv Saraf**, Director  
Sd/- **Ajay Kumar Chowdhary**, Director  
Sd/- **Amrita Kumari**, Company Secretary

**EDCL POWER PROJECTS LIMITED**

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**DIRECTORS ' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the 8th Annual Report of the Company along with the Audited Accounts for the year ended on 31st March, 2010.

**FINANCIAL HIGHLIGHTS**

	As on 31.03.2010 (Rupees)	As on 31.03.2009 (Rupees)
Profit before Interest, Depreciation and Taxation	23,861,726	201,565
Less: Interest Charges	1,991,737	1,340
Less: Depreciation	17,343,231	4,51,740
Net profit /(loss) before Tax	4,526,759	(251,515)
Provision for Income Tax		
- Current Income Tax	769,323	0
- Income Tax for earlier years	4,939	0
- Deferred Tax Charge / (Credit)	(1,376,907)	0
Net profit /(loss) after Tax	5,129,404	(251,515)
Profit brought forward from previous period	2,506,453	2,757,968
Balance Carried to Balance Sheet	7,635,857	2,506,453

**DIRECTORS**

Mrs. Pankaja Kumari Singh and Mr. Lalit Kumar Sadani, Directors, retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their re-appointment. Your Board has also received Form 'DD-A' pursuant to the Companies (Disqualification of Directors under section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming that they had not incurred any disqualification under section 274(1)(g) of the Companies Act, 1956.

**HOLDING COMPANY**

Energy Development Company Limited has acquired 100% Equity Shares of your Company w.e.f. 28.05.2009, and accordingly the Company has become its wholly owned subsidiary.

**SCHEME OF ARRANGEMENT WITH THE HOLDING COMPANY**

The Company has entered into a scheme of arrangement under Section 391 and 394 of the Companies Act, 1956 with its holding company (Energy Development Company Limited), and the said scheme has been sanctioned by the Hon'ble High Court of Karnataka at Bangalore and Hon'ble High Court at Calcutta. Under this scheme of arrangement the 7 MW Ullankal Hydro Electric Project of Energy Development Company Limited has been transferred to the EDCL Power Projects Limited.

**AUDITORS**

The Auditors of the company M/s. Lodha & Co., Chartered Accountants vacate their office at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Board recommends their re-appointment as the auditors of the company, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

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**EDCL POWER PROJECTS LIMITED**

ANNUAL REPORT & ACCOUNTS 2009 -2010

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**COMPLIANCE CERTIFICATE**

Your Board has obtained a compliance certificate from Mr. Sanjay Kumar Gupta, a Practising Company Secretary in pursuance of section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules, 2001. A copy whereof is enclosed herewith and forms part of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 with regard to the Directors' Responsibility Statement, the Board of Directors confirm that:-

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departures;
- (b) the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year on 31st March, 2010 and of the Profit or Loss of the company, for the year ended on that date;
- (c) 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;
- (d) the annual accounts have been prepared on a going concern basis.

**PARTICULARS OF ENERGY CONSERVATION ETC.**

The business activities of the company do not require huge consumption of power. However, your Board takes all steps to minimize the consumption of power. The Company do not fall under the category of industries specified in the Schedule to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, accordingly, information in Form A, is not required to be given. There were no foreign exchange earnings or outgo and no technology absorption during the year under review.

**PERSONNEL**

None of the employees were in receipt of remuneration in excess of the limits laid down under section 217(2A) of the Companies Act, 1956. Hence, no particulars are required to be given in pursuance of the said section read with the Companies (Particulars of Employees) Rules, 1975.

**ACKNOWLEDGEMENT**

Your Board acknowledges the impeccable services rendered by the employees of the company, at all levels. The Directors also take this opportunity to place on record their appreciation to the stakeholders and bankers for their continued support to the company.

Place: New Delhi

Date : 28th September, 2010

For and on behalf of the Board  
For **EDCL Power Projects Limited**  
Sd/- **Sanjiv Saraf**, Director  
Sd/- **Lalit Kumar Sadani**, Director

**AUDITORS ' REPORT TO THE MEMBERS EDCL POWER PROJECTS LIMITED**

We have audited the attached Balance Sheet as at 31st March, 2010 and the Profit and Loss Account along with the Cash Flow Statement for the year ended on that date of **EDCL Power Projects Limited**. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 ("the Order") issued by the Central Government in exercise of the powers conferred by Section 227(4A) of the Companies Act, 1956, ("the Act") and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, we report that :
  - i)
    - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
    - (b) Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regards to the size of the Company and nature of its business. No material discrepancies in respect of the assets verified during the year were noticed.
    - (c) The Company has not disposed off any substantial part of the fixed assets during the year.
  - ii)
    - (a) The inventory has been physically verified during the year by the management at reasonable intervals.
    - (b) The procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - (c) The Company is maintaining proper records of inventories and discrepancies noticed on the physical verification of inventory, as explained, were not material as compared to the book records.
  - iii)
    - (a) According to the information and explanations given to us, the company has not granted any loans, secured and unsecured, from/to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clause 4(iii)(b) to (d) of the Order are not applicable to the Company.
    - (b) According to the information and explanations given to us, the company has taken interest free unsecured loan as per the scheme referred in Note 3 of Schedule 15 from its' holding company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year end balance was Rs. 360,000,000.
    - (c) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
    - (d) According to the information and explanations given to us, the above loan taken are repayable on demand and the same have not yet been recalled by the lender.
  - iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct weaknesses in the internal controls.

- v) (a) According to the information and explanations provided by the management, particulars of the contracts or arrangement referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered into the register maintained under Section 301 of the Act exceeding five lacs in respect of any party during the year.
- vi) The Company has not accepted any deposits from the public under Section 58A, 58AA or any other relevant provision of the Act and the rules framed there under.
- vii) Internal audit of the Company has been carried out by firms of Chartered Accountants. In our opinion the internal audit system in respect of the areas covered during the year is commensurate with the size and nature of the business of the Company.
- viii) We have broadly reviewed the cost records and accounts prescribed by the Central Government under section 209(1) (d) of the Act and are of the opinion that prima-facie, such records have been maintained by the Company. However, we have not carried out any detailed examination of such accounts and records.
- ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect of aforesaid dues for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess that have not been deposited with the appropriate authorities on account of any dispute.
- x) The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xi) The Company has neither taken any loans from financial institutions and banks nor has issued any debentures. Accordingly, the provisions of clause 4(xi) of the Order are not applicable to the Company.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us, the Company has not availed fresh term loans during the current financial year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, keeping in view that the loan recognized as per the scheme of arrangement as given in Note 2 of Schedule 14B



will be repaid on long term basis, no short- term funds have been utilized for the long term investment during the year.

- xviii) The Company has not made preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
- xix) The Company has not issued any debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- xx) The Company has not raised money by public issue during the year.
- xxi) During the course of our examination of the books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such case by the management.
2. *Attention is invited to Note 2 of Schedule 15 regarding delay in recovery of certain overdue debtors and non provision thereagainst, the impact of which on the profit for the year is presently not ascertainable.*
3. Further to the above, we report that :
- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) The Balance Sheet, the Profit and Loss Account and the Cash Flow statement are in agreement with the books of account;
- iii) Proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books of account;
- iv) In our opinion, the Profit and Loss Account and the Balance Sheet of the Company comply with the accounting standards referred to in Sub-Section 3(C) of Section 211 of the Act;
- v) On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31 March, 2010 from being appointed as a director in terms of Clause (g) of Sub- section (1) of Section 274 of the Act;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to our remarks as given in Para 2 above the impact of which is not ascertainable*, give the information required by the Act in the manner so required and read together with the other notes thereon, give a true and fair view :
- (a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (b) in case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (c) in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Lodha & Co.**  
*Chartered Accountants*  
Firm ICAI Registration No. : 301051E  
Sd/- **H. S. Jha**  
*Partner*  
Membership No. : 55854

Place: Kolkata  
Date: 28th September, 2010

**EDCL POWER PROJECTS LIMITED**

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**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule No.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	2,500,000	2,500,000
Share Suspense (Refer Note 3 (c) of Shedule 15)		35,000,000	—
Reserves & Surplus	2	15,135,857	10,006,453
<b>LOAN FUNDS</b>			
Unsecured Loans	3	360,000,000	—
<b>TOTAL</b>		<b>412,635,857</b>	<b>12,506,453</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	400,345,731	3,845,739
Less : Depreciation		26,388,103	2,615,985
Net Block		373,957,628	1,229,754
<b>INVESTMENTS</b>	5	1,700,000	1,700,000
<b>DEFERRED TAX ASSETS</b> (Refer Note 5 of Schedule 15)		1,376,907	—
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	9,811,683	—
Sundry Debtors	7	14,921,259	—
Cash and Bank Balances	8	7,127,380	263,844
Loans & Advances	9	14,770,346	11,501,774
		46,630,668	11,765,618
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	10	9,872,700	61,115
Provisions	11	1,156,646	2,127,804
		11,029,346	2,188,919
<b>NET CURRENT ASSETS</b>		<b>35,601,322</b>	<b>9,576,699</b>
<b>TOTAL</b>		<b>412,635,857</b>	<b>12,506,453</b>
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	15		
The Schedules referred to herein above form an integral part of the Balance Sheet			

Place : New Delhi  
Dated : 28th September, 2010

As per our report of even date  
For **Lodha & Co.**  
*Chartered Accountants*  
Sd/- **H. S. Jha**  
*Partner*

For and on Behalf of the  
Board of Directors  
Sd/- **Pankaja Kumari Singh, Director**  
Sd/- **Sanjiv Saraf, Director**  
Sd/- **Lalit Kumar Sadani, Director**

**EDCL POWER PROJECTS LIMITED**

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**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Schedule	Year Ended 31st March, 2010 Rs.	Year Ended 31st March, 2009 Rs.
<b>INCOME</b>			
Sales/Income from Operations		49,408,658	—
Other Income	12	83,896	823,412
		<u>49,492,554</u>	<u>823,412</u>
<b>EXPENDITURE</b>			
Operating, Administrative and Other Expenses	13	25,630,827	621,847
		<u>25,630,828</u>	<u>621,847</u>
<b>Profit before interest, depreciation &amp; tax</b>		23,861,726	201,565
Interest & Finance Charges	14	1,991,737	1,340
<b>Profit before depreciation &amp; tax</b>		21,869,989	200,225
Depreciation	4	17,343,231	451,740
<b>Profit before tax</b>		4,526,759	(251,515)
Provision for Tax			
— Current Income Tax		769,323	—
— Income tax for earlier years		4,939	—
— Deferred Tax Charge / (Credit) (Refer Note 5 of Schedule 15)		(1,376,907)	—
		<u>(602,645)</u>	<u>—</u>
<b>Profit after tax</b>		5,129,404	(251,515)
Profit Brought Forward From Previous Year		2,506,453	2,757,968
<b>Surplus carried to Balance Sheet</b>		<u>7,635,857</u>	<u>2,506,453</u>
<b>Earning Per Share (Refer Note 11 of Schedule 15)</b>			
— Basic		20.52	(1.01)
— Diluted		1.37	(1.01)

**Significant Accounting Policies & Notes to the Accounts** 15

The Schedules referred to herein above form an integral part of the Profit and Loss Account

Place : New Delhi  
Dated : 28th September, 2010

As per our report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Sd/- **H. S. Jha**  
Partner

For and on Behalf of the  
Board of Directors  
Sd/- **Pankaja Kumari Singh, Director**  
Sd/- **Sanjiv Saraf, Director**  
Sd/- **Lalit Kumar Sadani, Director**

**EDCL POWER PROJECTS LIMITED**

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**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,000 Equity Shares of Rs. 10/- each	2,500,000	2,500,000
75,000 10% Cumulative Redeemable Preference Shares of Rs. 100/- each	7,500,000	7,500,000
	<u>10,000,000</u>	<u>10,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
2,50,000 Equity shares of Rs. 10/- each. (2,50,000 shares acquired during the year and held by Energy Development Company Limited, the holding company)	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Redemption Reserve	7,500,000	7,500,000
Surplus in Profit & Loss Account	7,635,857	2,506,453
	<u>15,135,857</u>	<u>10,006,453</u>
<b>SCHEDULE 3</b>		
<b>UNSECURED LOANS</b>		
Loan From Holding Company (Refer Note 3 of Schedule 15)	360,000,000	—
	<u>360,000,000</u>	<u>—</u>

## SCHEDULES FORMING PART OF THE ACCOUNTS

### SCHEDULE 4

#### FIXED ASSETS

Name of the Assets	GROSS BLOCK						DEPRECIATION				NET BLOCK		Amount (Rs.)
	Cost as at 01.04.2009	Assets acquired on transfer (**)	Additions	Deductions	Cost as at 31.03.2010	As at 01.04.2009	On assets acquired on transfer (**)	During the year	Deduction/ Adjustments	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009	
<b>(A) Tangible Assets</b>													
Freehold Land	-	7,254,572	-	-	7,254,572	-	-	-	-	-	7,254,572	-	-
Buildings and Roads	-	64,050,633	-	-	64,050,633	-	771,168	2,032,327	-	2,803,494	61,247,139	-	-
Plant & Machinery	-	159,537,697	309,408	-	159,847,105	-	2,763,745	7,263,024	-	10,026,769	149,820,336	-	-
Hydraulic Works	-	148,557,473	-	-	148,557,473	-	2,552,899	6,703,656	-	9,256,555	139,300,918	-	-
Transmission Lines, Trans- formers, Cable, Network, etc*	-	14,024,584	1,611,893	-	15,636,477	-	241,007	692,285	-	933,292	14,703,185	-	-
Office Equipment	1,044,274	161,250	29,000	-	1,234,524	925,882	24,563	110,963	-	1,061,408	173,116	118,392	
Furniture and Fixtures	188,525	340,777	51,000	-	580,302	143,098	23,489	85,278	-	251,865	328,437	45,427	
Motor Vehicle	1,100,916	527,576	44,129	-	1,672,621	678,757	52,016	240,808	-	971,581	701,040	422,160	
<b>(B) Intangible Assets</b>													
Computer Software	12,024	-	-	-	12,024	10,517	-	603	-	11,120	904	1,507	
Tenancy Rights	1,500,000	-	-	-	1,500,000	857,731	-	214,286	-	1,072,017	427,983	642,269	
<b>TOTAL</b>	<b>3,845,739</b>	<b>394,454,562</b>	<b>2,045,430</b>	<b>-</b>	<b>400,345,731</b>	<b>2,615,985</b>	<b>6,428,887</b>	<b>17,343,231</b>	<b>-</b>	<b>26,386,103</b>	<b>373,957,628</b>	<b>1,229,755</b>	
<b>Previous Year</b>	<b>4,071,309</b>	<b>-</b>	<b>-</b>	<b>225,570</b>	<b>3,845,739</b>	<b>2,348,266</b>	<b>-</b>	<b>451,740</b>	<b>184,021</b>	<b>2,615,985</b>	<b>1,229,754</b>	<b>-</b>	

**Notes :**

\* Transmission Lines, Transformers, Cable network etc. include Power Evacuating facilities put up in relation to the Hydro Electric Generating Station, which has been handed over to the Electricity Board for transmission of Electricity and maintenance thereof.

\*\* Pursuant to the transfer of the 7MW Ullankal Hydel Power Projects as given in Note 3 of Schedule 15

**EDCL POWER PROJECTS LIMITED**

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**SCHEDULES FORMING PART OF THE ACCOUNTS**

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 5</b>		
<b>INVESTMENTS</b>		
<b>(Other than trade)(At cost, unless otherwise stated)</b>		
<b>Long term</b>		
Share (Unquoted)		
EDCL Infrastructure Limited 1,70,000 Shares of Rs. 10/- each	1,700,000	1,700,000
	<u>1,700,000</u>	<u>1,700,000</u>
<b>SCHEDULE 6</b>		
<b>INVENTORIES</b>		
<b>(As taken, valued and certified by the management)</b>		
Stores, Spares and Consumables	9,811,683	-
	<u>9,811,683</u>	<u>-</u>
<b>SCHEDULE 7</b>		
<b>SUNDRY DEBTORS</b>		
<b>(Unsecured - Considered Good unless otherwise stated)</b>		
Outstanding for a period of more than six months	7,140,285	-
Other Debts	7,780,974	-
	<u>14,921,259</u>	<u>-</u>
<b>SCHEDULE 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash and cheques in hand	19,378	22,048
Balance with Scheduled Banks		
- on Current Accounts	7,108,001	241,796
	<u>7,127,380</u>	<u>263,844</u>
<b>SCHEDULE 9</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured and considered good unless otherwise stated)</b>		
Advance (recoverable in cash or in kind or for value to be received )(*)	12,125,979	34,906
Security Deposits	150,334	40,250
Intercompany Deposits	-	6,300,000
Advance Income Tax including Tax deducted at Source	2,344,426	4,967,948
Advance Fringe Benefit Tax	149,607	149,607
Service Tax	-	9,063
(*) Rs. 11,302,724/- (Previous year Rs. Nil) receivable from holding company	<u>14,770,346</u>	<u>11,501,774</u>
<b>SCHEDULE 10</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 4 of Schedule 15)*	9,689,157	55,966
Other Liabilities	183,543	5,149
*Includes Rs.8,647,520/- (Previous Year Rs. Nil) payable to Holding Company.	<u>9,872,700</u>	<u>61,115</u>
<b>SCHEDULE 11</b>		
<b>PROVISIONS</b>		
Provision for Income Tax	1,012,646	1,983,804
Provision for Fringe Benefit Tax	144,000	144,000
	<u>1,156,646</u>	<u>2,127,804</u>

**SCHEDULES** FORMING PART OF THE ACCOUNTS

	Year ended 31st March, 2010 Rs.	Year ended 31st March, 2009 Rs.
--	---------------------------------------	---------------------------------------

**SCHEDULE 12****OTHER INCOME**

Profit on sale of Current Investment	-	415,027
Interest Received (Gross of Tax deducted at source Rs. NIL (Previous Year Rs. 67,206/-))	82,550	326,247
Liability no longer required written back	1,346	-
Miscellaneous Income	-	82,138
	<u>83,896</u>	<u>823,412</u>

**SCHEDULE 13****OPERATING, ADMINISTRATIVE AND  
OTHER EXPENSES**

Salary & Allowances	4,735,479	-
Contribution to Provident fund & other funds	71,327	-
Staff Welfare Expenses	728,280	-
Cost of Power Purchased	33,762	-
Operation & Maintenance Cost	8,824,000	-
Stores and Spares consumed	481,797	-
Rent	992,358	360,000
Repairs & Maintenance :		
- Plant & Machinery	554,310	-
- Others	894,993	20,392
Insurance	245,672	14,355
Rates & Taxes	2,135,119	4,928
Travelling & Conveyance Expenses	1,665,180	78
Payment to Auditors :		
- Statutory Audit	50,000	50,000
- Tax Audit	15,000	-
Legal & Professional charges	1,432,190	10,400
Security Services.	428,367	-
Telephone, Fax, Postal etc.	721,100	-
Loss on Sale/Discard of fixed Assets	-	26,749
Discount & Rebate	886,248	-
Miscellaneous Expenses	735,645	134,945
	<u>25,630,827</u>	<u>621,847</u>

**SCHEDULE 14****INTEREST & FINANCE CHARGES**

Interest on Others	1,253,038	1,340
Finance Charges	738,699	-
	<u>1,991,737</u>	<u>1,340</u>

**SCHEDULE 15**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

**(1) ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The accounts have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

**1.2 Use of Estimates**

The preparation of financial Statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognised in the year in which the results become known/ materialise.

**1.3 Fixed Assets**

Fixed assets are stated at the cost of acquisition or construction inclusive of inward freight, duties and taxes, etc. Interest, administrative and other pre-operative expenditure incurred before the installation of the assets form part of the cost of the fixed assets.

**1.4 Depreciation**

Depreciation on all assets, other than the plant and machinery and tenancy rights has been provided on written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

In respect of plant and machinery, depreciation has been provided on Straight Line Method at the rates prescribed under schedule XIV of the Companies Act, 1956. Tenancy rights is being amortised in seven years.

Assets having value of Rs. 5,000/- or less have been written off in the year of acquisition irrespective, of the period of use.

**1.5 Investments**

Long-term investments are stated at cost less diminution in the value thereof, other than temporary.

**1.6 Revenue Recognition**

Sales of electricity generated are accounted for on delivery to the grid.

**1.7 Inventories**

Inventories are valued at cost or estimated net realisable value whichever is lower. Cost of inventory comprising Stores, spares and consumables are determined, applying weighted average method. Values of spares relating to the machinery are charged out as consumption, over the effective life of the plant and machinery to which they relate.

**1.8 Impairment**

Fixed Assets are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognised, whenever the carrying amounts of assets exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from



the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets.

#### 1.9 Employees benefits

Employees benefits are accrued in the year services are rendered by the employees.

Contribution to defined contribution schemes such as Provident Fund etc. are recognized as and when incurred.

Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

#### 1.10 Taxation

Provision for tax is made for current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent years are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets other than in respect of carried forward losses or unabsorbed depreciation are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized.

In pursuance of Section 80-IA of the Income Tax Act, 1961 the profits earned by the Hydro electric generating undertaking transferred is not taxable for a period of ten consecutive financial years, since the company is engaged in generation of electricity. Accordingly, based on the Accounting Standards interpretation on "Accounting for Taxes on Income" (AS 22), deferred tax accounting in respect of the timing differences arising and/or reversing during the tax holiday period has not been considered.

#### 1.11 Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction of fixed assets are capitalized as part of the assets. Other borrowing costs are recognised as expenses in the year in which they are incurred.

#### 1.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not provided for and are disclosed by way of notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

- (2) The Power Purchase Agreement (PPA) with the Kerala State Electricity Board (KSEB) is yet to be signed. Pending the same and settlement of dispute regarding infirm power and point of metering, sundry debtors includes Rs. 1,16,20,815/- being withheld by KSEB. Necessary adjustments, if any, arising out of variation in tariff and units of firm/infirm power, shall be carried out in subsequent period. However, in view of the management the said amount is not likely to be material.
- (3) A Scheme of arrangement (the Scheme) for transfer of 7MW Ullankal Hydel Power Project Undertaking (the undertaking) from Energy Development Company Ltd (EDCL), the holding company with effect from 01.04.2009( appointed date) to the Company has been sanctioned by the honourable High Courts at Calcutta and Bangalore vide their order dated 15-09-2010 and 12-08-2010 respectively. The following transactions have been given effect to in the books of accounts of the Company pursuant to the approval of the scheme as above :

**EDCL POWER PROJECTS LIMITED**

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- a) The following assets and liabilities pertaining to the undertaking has been transferred at their respective book values with effect from the appointed date:

Particulars	Amount (in Rs.)
Net Fixed Assets	388,025,675
Sundry Debtors	9,858,763
Cash and Bank balance	150,545
Loans and Advances	557,113
Current Liabilities	(2,454,840)
<b>Net Assets</b>	<b>396,137,256</b>

The difference between the above assets and liabilities amounting to Rs. 396,137,256/- is the consideration payable to EDCL

- b) The above consideration has been discharged as follows :

Particulars	Amount (in Rs.)
Equity shares to be issued	350,00,000
Amount payable considered as loan	3,600,00,000
Amount payable considered as current liabilities	1,137,256
	<b>396,137,256</b>

- c) The transfer obligation is required to be discharged by issue of 35,00,000 equity shares of Rs. 10/- each aggregating to Rs. 35,00,000/- to EDCL. Pending increase in the authorized Share Capital and allotment of the equity shares as mentioned above, the same have been included under Share Suspense Account.
- d) As the scheme became effective on 18.09.2010 on filing of the Court Order with the Registrar of Companies, Kolkata and though the assets and liabilities as on 31st March, 2010 arising out of the transferred undertaking are vested in the company, titles of the same are still not transferred in the name of the company and are being held in the name of EDCL.
- (4) The Company does not have any amount payable to vendors covered under the Micro, Small and Medium Enterprises Development Act, 2006.

- (5) The break-up of Deferred Tax Assets and Liabilities is as follows :

Particulars	As on 1st April 2009	Charge/(Credit) during the year	As on 31st March 2010
<b>Deferred Tax Assets :</b>			
Depreciation Difference	-	1,376,907	1,376,907
<b>Total (A)</b>	-	1,376,907	<b>1,376,907</b>
<b>Deferred Tax Liabilities :</b>			
Depreciation Difference	-	-	-
<b>Total (B)</b>	-	-	-
<b>Deferred Tax Assets / (Liabilities)</b>	-	1,376,907	<b>1,376,907</b>

- (6) Related Party disclosures pursuant to Accounting Standard -18:

(a) <b>Holding Company</b> Energy Development Company Limited
(b) <b>Key Management Personnel and their relative</b> Mrs. Pankaja Kumari Singh (Director)

The aggregate amount of transactions with the related parties as mentioned in (a) above is as below :

Particulars	2009-10 (Rs.)
<b>Transactions during the year –</b>	
Share Suspense	35,000,000
Unsecured loan (net)	360,000,000
Advances Receivables (net)	11,302,724
Operation & Maintenance Cost	8,824,000
<b>Outstanding as at the year end –</b>	
Share Suspense	35,000,000
Unsecured loan	360,000,000
Advances Receivables	11,302,724
Sundry Creditors	8,647,520

The aggregate amount of transactions with the related parties as mentioned in (b) above is as below :

Particulars	2009-10 (Rs.)
<b>Transactions during the year –</b>	
Rent	300,000
<b>Outstanding as at the year end –</b>	<b>Nil</b>

**Notes :**

- i. Certain expenses reimbursed to the holding company on account of common expenses have not been included above.
- ii. In respect of above parties, there is no provision for doubtful debts as on 31st March 2010 and no amount has been written off or written back during the year in respect of debts due from / to them.
- iii. There was no related party in the year 2008-09.
- iv. The above Related Party information is as identified by the Management and relied upon by the auditors.

(7) (a) Details in respect of Generating Capacity of the hydel power plant Ullankal

Particulars	31st March 2010
The derated installed capacity*:	7 M.W.
Total number of the units generated and sold (In million units)	20.25

**Notes :**

- (i)\* This being a technical matter has been taken as certified by the management and has not been verified by the auditors.
- (ii) Units taken from Board for own consumption 11,100 units.
- (iii) During the year the Ullankal Division of Energy Development Company Limited has been transferred as per the scheme of arrangement with effect from 1st April 2009.

(8) Value of consumption of stores and spare parts :

Particulars	31st March 2010	
	Rs.	%
<b>Imported</b>	NIL	NIL
<b>Indigenous</b>	428,499	100

**EDCL POWER PROJECTS LIMITED**

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**(9) Employees Benefits**

The disclosures required under Accounting Standard 15 "Employee Benefits" (AS-15) notified in the Companies (Accounting Standards) Rules, 2006 are given below :

**Defined Contribution Scheme**

Contribution to Defined Contribution Plan, recognized for the year are as under :

Employer's Contribution to Provident Fund – Rs. 21,489/- (Previous year Rs. NIL)

Employer's Contribution to Pension Fund – Rs. 48,711/- (Previous year Rs. NIL)

**Defined Benefit Scheme**

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Leave Encashment is recognized in the same manner as gratuity.

(Rs.)

Particulars	Gratuity (Funded)*	Leave Encashment (Non-Funded)
<b>Expenses Recognized in Profit &amp; Loss Account</b>	<b>2009-10</b>	<b>2009-10</b>
1. Current Service Cost	81,000	72,000
2. Interest Cost	–	–
3. Expected return on plan assets	–	–
4. Actuarial Losses / (Gains)	281,000	336,000
<b>Total Expenses</b>	<b>362,000</b>	<b>408,000</b>
<b>Change in the obligation during the year</b>		
<b>Present value of Defined Benefit Obligation at the beginning of the year</b>	–	–
1. Current Service Cost	81,000	72,000
2. Interest Cost	–	–
3. Benefit Paid	–	–
4. Actuarial (Gains) / Losses	281,000	336,000
<b>Present value of Defined Benefit Obligation at the end of the year</b>	<b>362,000</b>	<b>408,000</b>
<b>Change in Assets during the year ended March 31, 2010</b>		
<b>Plan Assets at the beginning of the year</b>	–	–
1. Contribution by Employer	–	–
2. Expected return on plan assets	–	–
3. Benefit Paid	–	–
4. Actuarial Gains / (Losses)	–	–
<b>Plan Assets at the end of the year</b>	–	–
<b>Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet during the year ended March 31, 2010</b>		
<b>Net Asset / (Liability) at beginning of the year</b>	–	–
1. Employer Expenses	(362,000)	(408,000)
2. Employer Contributions	–	–
<b>Net Asset / (Liability) at the end of the year</b>	<b>(362,000)</b>	<b>(408,000)</b>
<b>Experience Adjustment</b>		
1. On Plan Assets	0.00	0.00
2. On Plan Liabilities	(281,000)	(336,000)
<b>Actuarial Assumptions</b>		
1. Discount Rate	8.30%	8.30%
2. Expected Rate of Return on Plan Assets	NA	NA

**Notes :**

- i. Assumptions related to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled.
- ii. (\*) During the previous year the company had no employees and accordingly the provision of AS-15 on Employee Benefits was not applicable to it. However as given in Note 3 above, employees of the Ullankal division of Energy Development Company Limited have been transferred to the Company w.e.f. 01.04.2009. However, the fund is in the name of holding company and the fund balance has not yet been separately allocated.
- (10) The company is engaged primarily in the business of “generation of electricity” and all other activities are incidental thereto. Further, the company operates entirely in the domestic market where its operations are governed by the same set of risks and returns. Accordingly the separate primary and secondary segment reporting disclosure as envisaged in Accounting Standards (AS-17) on Segment Reporting is not applicable to the company.

(11) **Earning Per Share (EPS) :**

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
<b>I. Basic Earnings Per Share :</b>		
(a) Net profit attributable to equity holders	5,129,404	(251,515)
(b) Weighted Average Number of Equity Shares issued (Nos.)	250,000	250,000
(c) Basic Earnings per Share (in Rs.) (Face Value Rs. 10/- per Share) (a)/(b)	20.52	(1.01)
<b>II. Diluted Earnings Per Share :</b>		
(a) Net profit attributable to equity holders	5,129,404	-
(b) Weighted Average Number of Equity Shares issued (Nos.)	250,000	-
Add : Share Suspense (Refer Note 3 (c) above)	3,500,000	-
(c) Revised Number of Equity Shares	3,750,000	-
(d) Diluted Earnings Per Share (Face Value Rs. 10/- per Share) (a)/(c)	1.37	-

- (12) As given in Note 3 above, the Ullankal Hydro Power undertaking of Energy Development Company Limited has been transferred to the Company with effect from 01.04.09. Accordingly previous year's figures are not strictly comparable. However, previous year's figures have been regrouped and/or rearranged wherever considered necessary.

Place : New Delhi  
Dated : 28th September, 2010

As per our report of even date  
For **Lodha & Co.**  
*Chartered Accountants*  
Sd/- **H. S. Jha**  
*Partner*

For and on Behalf of the  
Board of Directors  
Sd/- **Pankaja Kumari Singh, Director**  
Sd/- **Sanjiv Saraf, Director**  
Sd/- **Lalit Kumar Sadani, Director**

**EDCL POWER PROJECTS LIMITED**

ANNUAL REPORT &amp; ACCOUNTS 2009 -2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010**

	<b>Year ended 31 March 2010</b>
<b>A) Cash flow from operating activities :</b>	
Net profit before tax	4,526,759
Adjustments to reconcile net profits to net cash provided by operating activities:	
Depreciation	17,343,231
Provision no longer required written back	(1,346)
Interest income	(82,550)
Interest on others	1,991,737
	<u>23,777,831</u>
<b>Changes in current assets and liabilities</b>	
(Increase)/ Decrease in trade and other receivables	(10,246,932)
(Increase)/ Decrease in inventory	(9,811,683)
(Decrease)/ Increase in trade payables	6,220,835
	<u>(13,837,780)</u>
<b>Cash generated from operations</b>	<u>(13,837,780)</u>
Direct taxes paid (net of refund)	878,102
	<u>10,818,153</u>
<b>B) Cash flow from investing activities :</b>	
Purchase of fixed assets	(2,045,430)
Interest received	82,550
	<u>(1,962,880)</u>
<b>C) Cash flow from financing activities :</b>	
Interest Paid	(1,991,737)
	<u>(1,991,737)</u>
<b>D) Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<u>6,863,536</u>
<b>Cash and cash equivalents</b>	
Beginning of the year	263,844
End of the year	7,127,380

**Note :**

1. The Cash Flow Statement is prepared by the " Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.
2. Consequent to Scheme of arrangement for transfer of the 7MW Ullankal Hydel Power Project Undertaking from Energy Development Company Limited with effect from 01.04.2009 as per Note 3 of Schedule 15, figures relating to undertaking has been included in the respective figures given herein above.
3. As this is the first year of adoption, previous year numbers have not been given.

Place : New Delhi  
Dated : 28th September, 2010

As per our report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Sd/- **H. S. Jha**  
Partner

For and on Behalf of the  
Board of Directors  
Sd/- **Pankaja Kumari Singh, Director**  
Sd/- **Sanjiv Saraf, Director**  
Sd/- **Lalit Kumar Sadani, Director**

## BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

## (a) Registration Details

Registration No.	21-95242	State Code :	21
Balance Sheet Date	31.03.2010		

## (b) Capital raised during the year (Rs. in '000)

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	-

## (c) Position of Mobilisation and Deployment of Funds (Rs. in '000)

Total Liabilities	412,636	Total Assets	412,636
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## Source of Funds

Paid-up Capital	2,500
Share Suspense	35,000
Reserve & Surplus	15,136
Unsecured Loans	360,000

## Application of Funds

Net Fixed Assets	373,958
Investments	1,700
Deferred Tax Asset	1,377
Net Current Assets	35,601

## (d) Performance of the Company (Rs. in '000)

Turnover	49,493
Total Expenditure	44,966
Profit Before Tax	4,527
Profit After Tax	5,129
Earnings per share in Rs.	
- Basic	20.52
- Diluted	1.37

## (e) Generic Names of three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code) : N.A.	Product Description : Hydel Power
Item Code No. (ITC Code) : N.A.	Product Description : Power Consultancy Services

Figures in rupees have been rounded off to the nearest thousands.

Place : New Delhi  
Dated : 28th September, 2010

For and on Behalf of the  
Board of Directors  
Sd/- Pankaja Kumari Singh, Director  
Sd/- Sanjiv Saraf, Director  
Sd/- Lalit Kumar Sadani, Director



## AUDITORS ' REPORT TO THE MEMBERS

TO THE BOARD OF DIRECTORS OF ENERGY DEVELOPMENT COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ENERGY DEVELOPMENT COMPANY LIMITED AND IT'S SUBSIDIARIES.

1. We have audited the attached Consolidated Balance Sheet of Energy Development Company Limited ("the Company") and its subsidiaries ("the Group") as at 31st March, 2010 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.
3. *Attention is invited to Note 16 of Schedule 17 regarding delay in recovery of certain overdue debtors in respect of a subsidiary and non provision thereagainst, the impact of which on the profit for the year is presently not ascertainable.*
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements", on the basis of separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.
5. Based on our audit and on the basis of the information and explanations given to us, we are of the opinion that the said consolidated financial statements, *subject to our remarks as given in Para 3 above the impact of which is not ascertainable*, and read together with the other notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;
  - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
  - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Lodha & Co.**  
Chartered Accountants  
Firm ICAI Registration No.: 301051E  
Sd/- **H. S. Jha**  
Partner  
Membership No. : 55854

Place: Kolkata  
Date : 28th September, 2010





## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	275,000,000	275,000,000
Share warrant		—	124,000,000
Reserves & Surplus	2	946,356,145	726,943,368
<b>LOAN FUNDS</b>			
Secured Loans	3	99,148,077	59,794,395
Unsecured Loan	4	686,000,000	410,507,866
<b>DEFERRED TAX LIABILITY (NET)</b> (Refer Note No 11 of Schedule 17)		48,760,916	48,033,929
<b>TOTAL</b>		<u>2,055,265,138</u>	<u>1,644,279,558</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	1,099,291,402	1,079,058,735
Less : Depreciation		279,504,913	226,337,502
Net Block		819,786,489	852,721,233
Capital Work-in-Progress		1,071,352,449	679,892,978
<b>INVESTMENTS</b>	6	5,624,884	22,863,003
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	21,776,967	6,360,456
Sundry Debtors	8	288,036,735	703,393,466
Cash and Bank Balances	9	115,153,327	39,177,640
Loans and Advances	10	154,854,183	114,125,670
Other Current Assets	10A	44,141	570
		579,865,353	863,057,802
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	328,028,779	682,418,555
Provisions	12	93,335,257	91,836,903
		421,364,037	774,255,458
<b>NET CURRENT ASSETS</b>		158,501,316	88,802,344
<b>TOTAL</b>		<u>2,055,265,138</u>	<u>1,644,279,558</u>
<b>Significant Accounting Policies &amp; Notes to the Accounts</b>	17		

The Schedules referred to herein above form an integral part of the Balance Sheet

As per our report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Sd/- **H. S. Jha**  
Partner

Place : New Delhi  
Dated : 28th September, 2010

For and on Behalf of the Board of Directors  
Sd/- **Amar Singh**, Chairman  
Sd/- **Sanjiv Saraf**, Executive Director  
Sd/- **Pankaja Kumari Singh**, Director  
Sd/- **Sunnoo Bahri**, Dy. Company Secretary



## CONSOLIDATED PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Year ended 31st March 2010 Rs.	Year ended 31st March 2009 Rs.
<b>INCOME</b>			
Sales/Income from Operations		357,240,335	1,172,362,388
Other Income	13	78,313,545	6,187,278
Increase / (Decrease) in Stock	14	5,967,818	—
		<u>441,521,698</u>	<u>1,178,549,666</u>
<b>EXPENDITURE</b>			
Cost of Materials		146,450,141	810,626,686
Operating, Administrative & Other Expenses	15	92,749,320	99,302,053
		<u>239,199,461</u>	<u>909,928,739</u>
<b>Profit before interest, depreciation &amp; tax</b>		202,322,237	268,620,927
Interest & Finance Charges	16	6,892,996	5,927,568
<b>Profit before depreciation &amp; tax</b>		195,429,241	262,693,359
Depreciation	5	51,198,287	38,388,975
<b>Profit before tax</b>		144,230,953	224,304,384
Provision for tax			
- Current Income Tax		24,540,884	31,135,000
- Income tax for earlier years		49,415	—
- Fringe Benefit Tax		—	710,000
- Deferred Tax (Refer Note 11 of Schedule 17)		725,047	25,267,488
		<u>25,315,346</u>	<u>57,112,488</u>
<b>Profit after tax</b>		118,915,608	167,191,896
Add : Share of Profit in Associate		—	1,003
<b>Profit after tax and after adjustment for Profit in Associate</b>		118,915,608	167,192,899
Profit/(Loss) Brought Forward From Previous year		376,943,368	241,924,094
Less : Adjustment due to merger of Associates (Refer Note 1 (c) of Schedule 17)		(1,003)	—
<b>Profit Available For Appropriation</b>		<u>495,857,973</u>	<u>409,116,993</u>
<b>Appropriations</b>			
Proposed Dividend		27,500,000	27,500,000
Tax on Proposed Dividend		4,673,625	4,673,625
Balance Carried to Balance Sheet		463,684,348	376,943,368
		<u>495,857,973</u>	<u>409,116,993</u>
<b>Earning Per Share</b>			
- Basic		4.32	6.08
- Diluted		4.32	5.04

**Significant Accounting Policies & Notes to the Accounts** 17

The Schedules referred to herein above form an integral part of the Profit &amp; Loss Account

As per our report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Sd/- **H. S. Jha**  
Partner

Place : New Delhi  
Dated : 28th September, 2010

For and on Behalf of the Board of Directors  
Sd/- **Amar Singh**, Chairman  
Sd/- **Sanjiv Saraf**, Executive Director  
Sd/- **Pankaja Kumari Singh**, Director  
Sd/- **Sunnoo Bahri**, Dy. Company Secretary



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
35,000,000 (35,000,000) Equity shares of Rs. 10/- each.	<u>350,000,000</u>	<u>350,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
27,500,000 (27,500,000) Equity shares of Rs. 10/- each	<u>275,000,000</u>	<u>275,000,000</u>
	<u>275,000,000</u>	<u>275,000,000</u>
<b>SCHEDULE 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve on Amalgamation (Refer Note 6 (b) of Schedule 17)	1,165,345	—
Capital Reserve (Refer Note 15 of Schedule 17)	124,000,000	—
Capital Reserve on Consolidation	7,506,453	—
Securities Premium	350,000,000	350,000,000
Surplus in Profit & Loss Account	<u>463,684,348</u>	<u>376,943,368</u>
	<u>946,356,145</u>	<u>726,943,368</u>
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Cash Credit from Bank (Secured by hypothecation of entire stocks and other movables of the company including all movable Plants & Machineries, Furniture & Fixtures, Vehicles, Computers and other accessories, etc. stored or to be stored at the premises / godowns of the companys' contract division and also all present and future book debts, outstanding monies, receivables, claims, bills, etc.and equitable mortgage of immovable properties at 9MW Harangi Hydro Electric Project)	99,148,077	59,726,223
Vehicle Loan - From Bank	—	68,172
	<u>99,148,077</u>	<u>59,794,395</u>
<b>SCHEDULE 4</b>		
<b>UNSECURED LOANS</b>		
From Bodies Corporate	686,000,000	410,507,866
	<u>686,000,000</u>	<u>410,507,866</u>



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

SCHEDULE 5

FIXED ASSETS

Amount  
(Rs.)

Name of the Assets	GROSS BLOCK						DEPRECIATION				NET BLOCK			
	Cost as at 01.04.09	Addition on acquisition of EDCL PPL	Assets acquired on amalgamation (****)	Additions	Deductions	Cost as at 31.03.10	As at 01.04.09	Addition on acquisition of EDCL PPL	Balance transferred on amalgamation (****)	During the year	Deductions /Adjustments	Up to 31.03.10	As at 31.03.10	As at 31.03.09
<b>(A) Tangible Assets</b>														
Freehold Land	15,954,522	-	-	-	-	15,954,522	-	-	-	-	-	-	15,954,522	15,954,522
Leasehold Land*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Premises	18,641,250	-	-	-	-	18,641,250	2,690,973	-	-	7,97,514	-	3,488,487	15,152,763	15,950,277
Buildings and Roads	78,679,276	-	-	-	-	78,679,276	5,274,174	-	-	2,498,493	-	7,770,667	70,908,609	73,405,102
Plant & Machinery	431,751,081	-	-	1,121,323	-	432,872,404	121,833,836	-	-	19,783,222	-	141,617,058	291,255,346	309,917,245
Hydraulic Works	266,043,918	-	-	-	-	266,043,918	53,563,063	-	-	12,005,942	-	65,568,005	200,474,913	212,480,855
Transmission Lines, Transformers, Cable Network, etc**	58,221,753	-	-	1,611,893	-	59,833,646	19,468,830	-	-	2,551,106	-	22,039,936	37,793,710	38,732,923
Office Equipment	2,283,863	1,044,274	43,066	3,656,851	43,066	6,988,988	1,533,356	925,882	37,463	467,000	39,448	2,924,253	4,060,735	750,507
Furniture and Fixtures	2,855,663	188,525	18,000	9,806,325	18,000	12,950,513	1,542,184	143,098	11,367	467,104	12,430	2,151,323	10,689,190	1,313,479
Motor Vehicle	19,457,574	1,100,916	323,490	44,129	1,086,051	19,940,058	10,451,283	678,757	206,388	2,452,525	850,201	12,988,752	6,901,306	9,006,291
Windmill ***	184,767,000	-	-	-	-	184,767,000	9,806,027	-	-	9,745,618	-	19,551,645	165,215,355	174,960,973
<b>(B) Intangible Assets</b>														
Goodwill	141,448	-	-	-	-	141,448	41,206	-	-	28,290	-	69,496	71,992	100,242
Computer Software	261,387	12,024	-	908,968	-	1,182,379	112,570	10,517	-	189,186	-	312,273	870,106	148,817
Tenancy Rights	-	1,500,000	-	-	-	1,500,000	-	857,731	-	214,286	-	1,072,017	427,983	-
<b>TOTAL</b>	<b>1,079,058,735</b>	<b>3,845,739</b>	<b>384,556</b>	<b>17,149,489</b>	<b>1,147,117</b>	<b>1,099,291,402</b>	<b>226,337,502</b>	<b>2,615,965</b>	<b>255,218</b>	<b>51,198,287</b>	<b>902,079</b>	<b>279,504,913</b>	<b>819,786,489</b>	<b>852,721,233</b>
Previous Year	583,230,382	-	-	495,830,953	3,100	1,079,058,735	187,951,626	-	-	38,369,975	3,099	226,337,502	852,721,233	-

Note : \*7.21 acres of Land has been taken on lease for 40 years w.e.f.14th July,1999 at an annual lease rent of Rs. 72,100/-.

\*\*Transmission Lines, Transformers, Cable network etc. include Power Evacuating facilities put up in relation to the Hydro Electric Generating Station, which has been handed over to the Electricity Board for transmission of Electricity and maintenance thereof.

\*\*\*Windmill includes Leasehold Land of Rs.3,600,000. (Previous Year-Rs.3,600,000)

\*\*\*\*Pursuant to the Scheme as given in Note 6 of Schedule 17.



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<b>SCHEDULE 6</b>		
<b>INVESTMENTS</b>		
(Other than Trade)(At cost unless otherwise stated)		
<b>Long Term</b>		
<b>Investments in Shares ( Unquoted)</b>		
EDCL Infrastructure Ltd. 170000 Sh. Of Rs.10/- each	1,700,000	—
<b>Investments in Shares in Associate Company (Unquoted)</b>		
Dhanashree Projects Limited 1,000,000 (497,000) Equity Shares of Rs.10/- each fully paid-up	—	22,862,000
Add : Share of Profit		1,003
	<u>1,700,000</u>	<u>22,863,003</u>
<b>Investment in Shares ( Quoted ) (*)</b>	<b>2,731,158</b>	<b>-</b>
<b>Investment in Mutual Funds (*)</b>	<b>1,193,726</b>	<b>-</b>
<b>Total</b>	<b><u>5,624,884</u></b>	<b><u>22,863,003</u></b>
(*) Includes Rs. 31,86,360 through Portfolio Management Services.		
<b>SCHEDULE 7</b>		
<b>INVENTORIES</b>		
(as taken valued and certified by the management)		
Contract work-in-progress	5,967,818	—
Stores, Spares and Consumables	15,809,149	6,360,456
	<u>21,776,967</u>	<u>6,360,456</u>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured - Considered Good unless otherwise stated)		
Outstanding for a period of more than six months	78,927,138	54,629,530
Other Debts	209,109,597	648,763,936
	<u>288,036,735</u>	<u>703,393,466</u>
<b>SCHEDULE 9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash & cheques in hand	455,206	130,892
Balance with Scheduled Banks		
- on Current Accounts	80,295,386	4,724,359
- on Unpaid Dividend Account	228,735	148,389
- on Margin Money Accounts (under lien)	34,174,000	34,174,000
	<u>115,153,327</u>	<u>39,177,640</u>



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<b>SCHEDULE 10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Advance (recoverable in cash or in kind or for value to be received)	97,201,455	30,703,218
Security Deposits	1,400,533	31,160,283
Advance Income Tax including Tax Deducted at Source	54,371,025	50,551,269
Advance Fringe Benefit Tax	1,881,170	1,710,900
	<u>154,854,183</u>	<u>114,125,670</u>
<b>SCHEDULE 10A</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest Receivable	44,141	570
	<u>44,141</u>	<u>570</u>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors (Refer Note 10 of Schedule17)	218,939,780	633,786,247
Advance Received from Customers	100,000,000	21,622,936
Unclaimed Dividend (*)	228,967	148,621
Book Overdraft	—	7,714,737
Other Liabilities	8,860,033	19,146,014
	<u>328,028,779</u>	<u>682,418,555</u>
(*) There is no amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>SCHEDULE 12</b>		
<b>PROVISIONS</b>		
Provision for Income Tax	59,272,708	57,938,515
Provision for Fringe Benefit Tax	1,888,924	1,724,763
Provision for Proposed Dividend	27,500,000	27,500,000
Provision for Dividend Distribution Tax	4,673,625	4,673,625
	<u>93,335,257</u>	<u>91,836,903</u>



## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

	Year Ended 31st March 2010 Rs.	Year Ended 31st March 2009 Rs.
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Profit on sale of Current Investment	123,931	2,282,156
Profit on sale of Fixed Assets (Net)	—	1,099
Profit on Sale of Investments (Refer Note 7 of schedule 17)	71,043,151	—
Interest Received (Gross of Tax deducted at source Rs. 5,36,871/- (Previous Year Rs.540,627/-)	5,840,797	3,380,165
Dividend on Current Investments	112,542	523,858
Liability no longer required written back	949,638	—
Miscellaneous Income	243,488	—
	<u>78,313,545</u>	<u>6,187,278</u>
<b>SCHEDULE 14</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>		
Opening Stock of Contract Work-in-Progress	—	—
Less: Closing Stock of Contract Work-in-Progress	5,967,818	—
	<u>5,967,818</u>	<u>—</u>
<b>SCHEDULE 15</b>		
<b>OPERATING, ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Cost of Power Purchased	1,011,796	908,933
Operation and Maintenance Cost	824,000	—
Stores and Spares consumed	1,424,060	989,486
Contract ,Consultancy and Service Charges	8,438,985	42,920,623
Rent	6,872,000	5,222,660
Repairs & Maintenance :		
Plant & Machinery	5,642,387	3,243,715
Others	2,079,700	1,633,088
Salary & Allowances	25,356,933	21,090,471
Contribution to Provident fund & other funds	341,459	296,919
Staff Welfare Expenses	1,841,044	1,217,911
Insurance	1,301,572	1,384,548
Rates & Taxes	3,761,880	1,568,588
Travelling & Conveyance Expenses	7,912,693	5,373,231
Payment to Auditors :		
- Statutory Audit	220,000	140,000
- Tax Audit	65,000	25,000
- Other Services	35,000	15,000
Legal & Professional Charges	9,768,300	6,676,292
Security Services.	1,444,079	1,109,206
Telephone,Fax,Postal etc.	4,931,670	1,770,830
Loss on Sale of Fixed Assets (Net)	99,038	—
Directors Meeting Fees	70,000	77,500
Irrevocable Balances Written-Off	173,480	—
Miscellaneous Expenses	9,134,245	3,638,052
	<u>92,749,320</u>	<u>99,302,053</u>
<b>SCHEDULE 16</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest Paid :		
On Cash-Credit	3,083,421	653,625
On Others	1,253,038	10,575
	<u>4,336,459</u>	<u>664,200</u>
Finance Charges	2,556,537	5,263,368
	<u>6,892,996</u>	<u>5,927,568</u>



## CONSOLIDATED NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

## SCHEDULE 17

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS.

## 1. a) Principles of Consolidation

The Consolidated Financial Statements of Energy Development Company Limited ("the Company") and its Subsidiary Companies have been prepared in accordance with Accounting Standard (AS 21) on "Consolidated Financial Statements". The basis of preparation of the Consolidated Financial Statements is as follows:

- The financial statements (the Balance Sheet and the Profit & Loss Account) of the Company and the Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and transactions if any and the resulting unrealized profits or losses.
- The financial statement of the subsidiaries used in the consolidation is drawn upto 31<sup>st</sup> March 2010, the same reporting date as that of the Company.
- The differential with respect to the cost of investments in the subsidiary over the Company's portion of equity is recognized as Goodwill or Capital Reserve, as the case may be.

b) The Subsidiaries (all incorporated in India) which has been included in this Consolidated Financial Statements along with the Company's holdings therein are given here under:

Sl. No.	Name of the Company	Ownership Interest (%)	
		2009-10	2008-09
1.	Ayyappa Hydro Power Limited (AHPL)	100	100
2.	EDCL Power Projects Limited (PPL)	100	—

c) The associate (incorporated in India) which was included in the Consolidated Financial Statements of the previous year along with the Company's holding therein are under :

Sl. No.	Name of the Company	Ownership Interest (%)	
		2009-10	2008-09
1.	Dhanashree Projects Limited	—	49.70

However, during the year the Company acquired the entire shareholding of the above company. Subsequently, the same was amalgamated as given in Note 6 below.

d) The particulars of investment as required in terms of AS 23 are as follows:

Name of the Associate	Voting Power (%)	Original Cost	Group's Profit upto 31st March 2010	Carrying Cost	Capital Reserve included in original cost
Dhanashree Projects Limited	— (49.70)	— (22,862,000)	— (1,003)	— (22,863,003)	— (561,901)

Note : Previous Year's figures have been given in the bracket ( ).





## 2. ACCOUNTING POLICIES

### 2.1 Basis of Preparation of Financial Statements

The accounts have been prepared under the historical cost convention and in accordance with the provision of the Companies Act, 1956 and accounting standards notified vide Companies (Accounting Standards) Rules, 2006. Accounting policies unless specifically stated to be otherwise, are consistent and are in consonance with generally accepted accounting principles.

### 2.2 Use of Estimates

The preparation of financial Statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the Balance Sheet date and the reported amounts of income and expenses during the year. Difference between the actual results and the estimates are recognised in the year in which the results become known/ materialise.

### 2.3 Fixed Assets

Fixed assets are stated at cost of acquisition/construction. Cost includes interest and pre-operative expenses as allocated to the fixed assets.

### 2.4 Expenditure during Construction Period

Expenditure related to and incurred during implementation of capital project is included under Capital Work-in-progress and the same is allocated to the respective Fixed Assets on completion of its construction / erection. Interest on borrowing costs related to qualifying asset is worked out on the basis of actual utilization of funds out of project specific loans and / or other borrowings to the extent identifiable with the qualifying asset and are capitalized with the cost of qualifying assets.

### 2.5 Depreciation

Depreciation on all assets, other than the plant and machinery has been provided on written down value method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

In respect of assets of plant and machinery, depreciation has been provided on Straight Line Method at the rates prescribed under schedule XIV of The Companies Act, 1956.

Assets having value of Rs.5,000/- or less have been written off in the year of acquisition irrespective, of the period of use.

### 2.6 Investments

Long-term investments are valued at cost. Current investments are valued at lower of cost and fair value as on the date of the Balance Sheet. The Company provides for diminution in the value of investments, other than temporary in nature.

### 2.7 Revenue Recognition

- a) Sales of electricity generated are accounted for on delivery to the grid.
- b) Revenue from sale of goods is recognized on delivery of the goods.
- c) Income from consultancy and other services are recognized on Proportionate Completion method with reference to the performance of the activities.

### 2.8 Inventories

Inventories are valued at cost or estimated net realisable value whichever is lower. Cost of inventory comprising Stores, spares and consumables are determined, applying weighted average method. Values of spares relating to the machinery are charged out as consumption, over the effective life of the plant and machinery to which they relate. Erection and maintenance tools are charged out over a period of five years.

Expenses incurred in respect of civil contract is included as work-in-progress.

### 2.9 Impairment

Fixed Assets are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognised, whenever the carrying amounts of assets exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets.

### 2.10 Employees benefits

Employees benefits are accrued in the year services are rendered by the employees.

Contribution to defined contribution schemes such as Provident Fund etc. are recognized as and when incurred.



Long term employee benefits under defined benefit scheme such as contribution to gratuity, leave etc. are determined at close of the year at present value of the amount payable using actuarial valuation techniques.

Actuarial gains and losses are recognised in the year when they arise.

#### 2.11 Taxation

Provision for tax is made for current and deferred taxes. Current tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account of timing differences, which are capable of reversal in subsequent years are recognised using tax rates and tax laws, which have been enacted or substantively enacted. Deferred tax assets other than in respect of carried forward losses or unabsorbed depreciation are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized.

In pursuance of Section 80-IA of the Income Tax Act, 1961 the profits earned by various Generation Divisions is not taxable for a period of ten consecutive financial years out of fifteen years from commencement of operations, since those divisions is engaged in generation of electricity. Accordingly, based on the Accounting Standards interpretation on "Accounting for Taxes on Income" (AS-22), deferred tax accounting in respect of the timing differences arising and/or reversing during the tax holiday period has not been considered.

#### 2.12 Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction of fixed assets are capitalized as part of the assets. Other borrowing costs are recognised as expenses in the year in which they are incurred.

#### 2.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not provided for and are disclosed by way of notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### 2.14 Goodwill

Goodwill arising out of acquisition of equity stake in subsidiary is amortized in equal amount over a period of five years from the subsequent year of acquisition.

3. Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs. 17,000,000 (Previous year Rs.285,870,090/-).
4. Capital work in Progress includes
  - a. Machinery in stock, construction /erection materials, advances for construction/erection works and machinery etc.
  - b. Capital advances of Rs.195,048,517/- (Previous year Rs.217,114,453/-)
  - c. Pre-operative expenditure incurred during implementation of project as given below :

Particulars	As at 31.03.2010	As at 31.03.2009
<b>Balance brought forward</b>	<b>45,922,547</b>	57,989,869
Salaries and allowances	5,618,481	3,837,545
Contribution to Provident & Other Funds	—	24,684
Staff welfare expenses	457,155	497,741
Rent	3,043,897	1,392,900
Rates and Taxes	402,826	940,430
Insurance	442,571	237,662
Legal and Professional charges	1,580,611	1,004,729
Travelling and Conveyance expenses	7,537,300	6,131,594
Interest on Term Loan	68,065,785	13,241,368
Miscellaneous expenses	40,063,244	419,983
Electricity & Gas Expenses	59,006	929,858
Advertisement	—	298,000
Contract Charges	9,160,873	—
Less: Transferred to Fixed Assets	—	41,023,816
<b>Balance Carried to Balance Sheet</b>	<b>182,354,296</b>	45,922,547



5. The power plant of the AHPL continues to be under construction. Pending outcome of the steps taken for completion of the project, the cost of machineries and equipments, advances there against and expenditure incurred during construction period have been carried forward under capital work in progress. Adjustment, in the value of assets including impairment thereof and preoperative expenditure as may be required will be carried out on completion of the project.
6. (a) A scheme of arrangement (the Scheme) for amalgamation of Dhanashree Projects Limited (Dhanashree) with the Company and transfer of 7MW Ullankal Hydel Power Project Undertaking (the undertaking) to EDCL Power Projects Limited (PPL), a wholly owned subsidiary with effect from 1st April 2009 (the appointed date) has been sanctioned by the Honourable High Court at Bangalore and Calcutta under Section 391 and Section 394 of the Companies Act, 1956 vide their Order dated August 12, 2010 and September 15, 2010 respectively. Necessary accounting estimates have been given effect to in the books of accounts of the Company pursuant to the approval of the scheme as above and on filing the same with the Registrar of Companies at Bangalore on 9th September, 2010 and Kolkata on 18th September, 2010.
- (b) As Dhanashree has become a wholly owned subsidiary during the year, the difference between the existing investments and assets & liabilities transferred as above amounting to Rs.1,165,346/- has been taken to capital reserve on amalgamation.
7. Profit on sale of investments represents profit on disposal of investments received on amalgamation as given in Note 6 above.
8. In the opinion of the management, the current assets, loans and advances have a value on realization in the ordinary course of business, at least equal to the amount at which these are stated in the Balance Sheet.
9. The company has entered into joint venture for execution of a contract for earthwork filling and compaction. The work carried out in respect of the said contract has been included in work in process and increase/decrease in stock.
10. The Company has not yet received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act) and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable under the Act has not been given.
11. The break-up of Deferred Tax Assets and Liabilities is as follows :

Particulars	As on 1st April, 2009	Transferred on Amalgamation as on 1st April, 2009 (*)	Charge/(Credit) during the year	As on 31st March, 2010
<b>Deferred Tax Assets</b>				
Expenses allowed on Payment Basis	772,067	—	(1,028,676)	<b>1,800,744</b>
<b>Deferred Tax Liabilities</b>				
Depreciation Difference	48,805,996	1,941	1,753,723	<b>50,561,660</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>48,033,929</b>	<b>1,941</b>	<b>725,047</b>	<b>48,760,916</b>

12. Related Party disclosures pursuant to Accounting Standard - 18 :

(a) <b>Key Management Personnel and their relative</b> Mr. Amar Singh (Chairman and Whole-time Director) Mrs. Pankaja Kumari Singh (Wife of Chairman and Whole-time Director) Mr. Sanjiv Saraf (Executive Director) Mrs. Indira Saraf (Wife of Mr. Sanjiv Saraf)
(b) <b>Associates</b> Sarvottam Caps Limited

The aggregate amount of transactions with the related parties as mentioned in (a) above is as below :

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
<b>Transactions during the year –</b>		
- <b>Managerial Remuneration</b>		
Mr. Amar Singh	4,800,000	4,800,000
Mr. Sanjiv Saraf	2,000,000	1,900,000
- <b>Rent</b>		
Mr. Amar Singh	360,000	360,000
Mrs. Pankaja Kumari Singh	300,000	300,000
Mr. Sanjiv Saraf	720,000	720,000
Mrs. Indira Saraf	420,000	420,000



Particulars	2009-10 (Rs.)	2008-09 (Rs.)
- <b>Directors Sittings Fees</b> Mrs. Pankaja Kumari Singh	5,000	15,000
<b>Outstanding as at the year end</b>		
- <b>Security Deposit Given</b> Mr. Amar Singh Mrs. Pankaja Kumari Singh	300,000 300,000	300,000 300,000

The aggregate amount of transactions with the related parties as mentioned in (c) above is as below :

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
<b>Transactions during the year -</b>		
<b>Interest Paid</b>		
- Sarvottam Caps Limited	8,816,712	6,650,000
<b>Unsecured Loan Received</b>		
- Sarvottam Caps Limited	20,000,000	-
<b>Unsecured Loan Repaid</b>		
- Sarvottam Caps Limited	71,500,000	-
<b>Outstanding as at the year end</b>		
- Sarvottam Caps Limited	15,000,000	71,780,100

**Note :**

In respect of above parties, there is no provision for doubtful debts as on 31st March 2010 and no amount has been written off or written back during the year in respect of debts due from / to them.

The above Related Party information is as identified by the Management and relied upon by the auditors.

**13. Segment Reporting**

Segments have been identified in line with the Accounting Standards AS-17 taking into account the organization structure as well as the differencing risk and return. The Company's business segment comprises of generation and sale of electricity (SOE) and sale of electrical project materials, consultancy and service charges (Contract Division). These have been identified by the type of their respective sales and services rendered.

Particulars	SOE		Contract Division		Total	
	2009-10 (Rs.)	2008-09 (Rs.)	2009-10 (Rs.)	2008-09 (Rs.)	2009-10 (Rs.)	2008-09 (Rs.)
<b>Revenue :</b>						
External Sales*	162,996,637	110,004,240	194,243,698	1,062,358,148	357,240,335	1,172,362,388
<b>Result :</b>						
Segments	86,185,000	62,883,502	21,435,000	191,573,725	107,620,000	254,457,227
Less : Interest and Finance Charges					6,892,996	5,927,568
Less : Other common expenses(net)					(43,503,949)	24,225,275
Total Profit Before Tax					144,230,953	224,304,384
Provisions For Tax					25,315,346	57,112,488
Profit After Tax					118,915,608	167,191,896
Segments Assets	1,835,633,896	1,565,574,213	275,637,675	704,380,477	2,111,271,571	2,269,954,690
Unallocable Corporate Assets					365,357,605	148,580,326
<b>TOTAL</b>				2,476,629,176	2,418,535,016	
Segments Liabilities	729,281,829	424,732,480	279,085,213	650,171,764	1,008,367,042	1,074,904,244
Unallocable Corporate Liabilities					1,468,262,134	1,343,630,772
<b>TOTAL</b>					2,476,629,176	2,418,535,016

\*Sales/Income from operations includes Rs.35,272,487/- (Previous Year Rs. 169,213,805 /-) on account of income from consultancy and other services.



Revenue and expenses have been identified to segment on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relates to enterprise as a whole and not allocable to segment on a reasonable basis have been included under the head other common expenses.

As the company operates entirely in India no secondary segment has been identified for the above purpose.

#### 14. Earning Per Share (EPS) :

Particulars	2009-10 (Rs.)	2008-09 (Rs.)
<b>A. Basic Earning per share has been computed as under:</b>		
(a) Profit after tax	118,915,608	167,281,373
(b) Weighted Average Number of Equity Shares issued (Nos.)	27,500,000	27,500,000
(c) Basic Earning per share on profit after tax	4.32	6.08
<b>B. Diluted Earning per share has been computed as under:</b>		
(a) Profit after tax	118,915,608	167,856,190
(b) Weighted Average Number of Equity Shares issued (Nos.)	275,00,000	275,00,000
Add: Equity Shares that would have been issued on conversion of Warrant.	—	5,702,740
<b>Total</b>	<b>27,500,000</b>	<b>33,202,740</b>
(c) Diluted Earning per share on profit after tax	4.32	5.04

15. During the year the warrant holders in respect of 7,500,000 warrants allotted to promoters and independent investors on preferential basis have not exercised their option to convert the warrant into shares within eighteen months. Accordingly, the entire amount of Rs. 12,40,00,000 received at the time of allotment of aforesaid warrants was forfeited and the same was transferred to Capital Reserve.
16. The Power Purchase Agreement (PPA) with the Kerala State Electricity Board (KSEB) is yet to be signed. Pending the same and settlement of dispute regarding infirm power and point of metering, sundry debtors includes Rs. 1,16,20,815 being withheld by KSEB. Necessary adjustments, if any, arising out of variation in tariff and units of firm/infirm power, shall be carried out in subsequent period. However, in view of the management the said amount is not likely to be material.
17. During the year the company has acquired EDCL Power Projects Limited and amalgamated it's associate company Dhanashree Projects Ltd. Accordingly, previous year's figures are not strictly comparable. Previous year's figures have been regrouped and rearranged wherever considered necessary.

Place : New Delhi  
Dated : 28th September, 2010

As per our report of even date  
For **Lodha & Co.**  
Chartered Accountants  
Sd/- **H. S. Jha**  
Partner

For and on Behalf of the Board of Directors  
Sd/- **Amar Singh**, Chairman  
Sd/- **Sanjiv Saraf**, Executive Director  
Sd/- **Pankaja Kumari Singh**, Director  
Sd/- **Sunoo Bahri**, Dy. Company Secretary



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

Particulars	For the year ended 31.03.2010		For the year ended 31.03.2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
<b>A) Cash Flow From Operating Activities:</b>				
Profit/(Loss) before taxation		14,42,30,953		22,43,04,384
<b>Adjustments for :</b>				
Depreciation	5,11,98,287		3,83,88,975	
Amortisation of Stores, Spares & Tools	3,09,064		3,09,064	
Interest & Finance Charges	68,92,996		59,27,568	
(Profit)/Loss on Sale of Fixed Assets (Net)	99,038		(1,099)	
(Profit)/Loss on Sale of Current Investment (Net)	(1,23,931)		(22,82,156)	
(Profit)/Loss on Sale of Investment (Net)	(7,10,43,151)			
Interest Received	(58,40,797)		(33,80,165)	
Irrevocable Balances Written-Off	1,73,480			
Liability no longer required written back	(9,49,638)			
Dividend on current investments	(1,12,542)			
		<u>(1,93,97,192)</u>	<u>(5,23,858)</u>	<u>3,84,38,329</u>
<b>Operating Profit before Working Capital Changes</b>		<b>12,48,33,761</b>		<b>26,27,42,713</b>
<b>Adjustments for :</b>				
(Increase)/Decrease in Inventory	(1,57,25,575)		(5,65,861)	
(Increase)/Decrease in Trade and Other receivables	41,17,35,067		(60,40,72,922)	
Increase/(Decrease) in Trade and Other payables	(35,35,09,076)		49,28,77,139	
		<u>4,25,00,415</u>		<u>(11,17,61,644)</u>
<b>Cash generated from operations</b>		<b>16,73,34,177</b>		<b>15,09,81,069</b>
Direct Taxes paid (Net of refund)		<u>(2,37,31,276)</u>		<u>(2,86,22,771)</u>
<b>Net Cash Flow from Operating Activities</b>		<b>14,36,02,901</b>		<b>12,23,58,298</b>
<b>B) Cash Flow from Investing Activities</b>				
Purchase and Sale of Fixed Assets (Net)		(1,71,49,489)		(49,58,30,954)
Capital Work In Progress		(39,14,59,471)		(4,31,38,441)
Sale of Fixed Assets		1,46,000		1,100
Sale of Investment		8,60,28,701		(2,28,62,000)
Purchase of Investments		(2,81,38,000)		5,63,39,381
Interest Received		57,97,226		39,82,398
Dividend Received		1,12,542		5,23,858
<b>Net Cash Flow from Investing Activities</b>		<b>(34,46,62,491)</b>		<b>(50,09,84,658)</b>
<b>C) Cash Flow from Financing Activities</b>				
Proceeds of Share Warrants		—		5,40,00,000
Proceeds from / (repayments) of borrowings		31,48,45,816		31,35,52,176
Interest & Finance Charges		(68,92,996)		(59,27,568)
Dividend Paid		(2,75,00,000)		(2,75,00,000)
Dividend Distribution Tax		(46,73,625)		(46,73,625)
<b>Net Cash flow from Financing Activities</b>		<b>27,57,79,195</b>		<b>32,94,50,983</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>7,47,19,604</b>		<b>(4,91,75,377)</b>
<b>Cash and Cash equivalents at the beginning of the year</b>		<b>3,91,77,640</b>		<b>8,83,53,017</b>
<b>Adjustments due to Amalgamation (Refer Note 4 below)</b>		<b>12,56,083</b>		<b>—</b>
<b>Cash and Cash equivalents at the end of the year</b>		<b>11,51,53,327</b>		<b>3,91,77,640</b>

## Notes:

- 1) Cash and Bank Balance as on 31.03.2010 includes Rs.34,174,000/- (Previous Year Rs.43,510,752/-) as margin Money under lien.
- 2) Cash Flow Statement is prepared by the indirect method as set out in Accounting Standard - 3 on Cash Flow Statement
- 3) Cash & Cash Equivalents presented in the statement consists of cash in hand and demand deposits with bank as on the balance sheet date.
- 4) Consequent to scheme of arrangement for amalgamation of Dhanashree Projects Limited with the Company with effect from 1st April 2009 as per Note 6, figures relating to erstwhile Dhanashree Projects Limited has been included in the respective figures given herein above and cash and bank balances acquired in this respect has been shown separately with cash and cash equivalents.

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

Sd/- **H. S. Jha**

Partner

Place : New Delhi

Dated : 28th September, 2010

For and on Behalf of the Board of Directors

Sd/- **Amar Singh, Chairman**Sd/- **Sanjiv Saraf, Executive Director**Sd/- **Pankaja Kumari Singh, Director**Sd/- **Sunoo Bahri, Dy. Company Secretary**



ENERGY DEVELOPMENT COMPANY LIMITED

REGISTERED OFFICE :

HARANGI HYDROELECTRIC PROJECT, VILL. HULUGUNDA, TALUKA - SOMAWARPET
DIST. KODAGU, KARNATAKA - 571 233

PROXY

FOLIO NO. .... DPID No. .... Client ID No. ....

I/We .....
of .....
being a member/members of the above named Company, hereby appoint .....
of ..... or failing
him/her .....
of.....

..... as my/our Proxy to
attend and vote for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be
held at the Registered Office of the Company at Harangi Hydroelectric Project, Vill. - Hulugunda, Taluka
Somawarpet, Dist. Kodagu, Karnataka - 571 233 on Monday, the 13th day of December, 2010 at 3.00 P.M. and at any
adjournment thereof.

In witness whereof I/We have signed on this ..... day of ..... 2010.

Signed by the said .....

Affix.
Revenue
Stamp
Re. 1/-

Note: The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 (Forty-eight) hours before the time
for holding the aforesaid meeting. The Proxy need not be a member of the Company.

[ TEAR HERE ]



ENERGY DEVELOPMENT COMPANY LIMITED

REGISTERED OFFICE :

HARANGI HYDROELECTRIC PROJECT, VILL. HULUGUNDA, TALUKA - SOMAWARPET
DIST. KODAGU, KARNATAKA - 571 233

ATTENDANCE SLIP

(Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall)

Member's Folio No./Client ID : ..... DP ID No. : ..... No. of Share(s) held : .....

I/We hereby record my/our presence at the 15th Annual General Meeting of Energy Development Company
Limited being held at Harangi Hydroelectric Project, Vill. - Hulugunda, Taluka Somawarpet, Dist. Kodagu,
Karnataka - 571 233 on Monday, the 13th day of December, 2010 at 3.00 P.M. and at any adjournment thereof.

Signature of Shareholder(s) or Proxy .....



**Energy Development Company Limited**

Registered Office : Harangi Hydroelectric Project, Village - Hulugunda, Taluka - Somawarpet, District - Kodagu, Karnataka - 571 233  
Corporate Office : 'EDCL House', 1A Elgin Road, Kolkata - 700 020