

AUDITORS' REPORT

TO
The Members
AMR Power Private Limited

1. We have audited the attached Balance Sheet of **M/s. AMR Power Private Limited** as at March 31, 2008 and the related Profit and Loss Account 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.
2. We have 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.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;



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- d) In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008; and
- (ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

for akasam and associates
chartered Accountants



S. Ravi Kumar
Partner
M. No. 28881

Camp: Bangalore
Date : 06-06-2008

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) A major portion of the fixed assets has been physically verified during the year by the management which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, the discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its Capital good inventories;
 - a) According to the information and explanations given to us, the Management has physically verified the inventory during the year. In our opinion, having regard to the nature of business and location of stocks, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt in the books of account.



- (iii) a) The Company has taken unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) The rate of interest and other terms and conditions of loans given or taken by the Company, secured or unsecured, are prima facie not prejudicial to the interest of the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal controls.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanations given to us:
- a) The particulars of contracts or arrangements referred to in Section 301 that need to be entered in to the register, maintained under the said Section have been so entered.
- b) In our opinion, the transactions (excluding loans reported under paragraph (iii) above) exceeding the value of Rs.5 lakhs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (vii) In our opinion, the internal audit systems of the Company have been commensurate with the size of the Company and the nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, for any of the products of the Company.



- (ix) In respect of statutory dues
- a) According to the information and explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Sales-tax, Custom Duty, Excise Duty, Cess, Service Tax and any other material statutory dues applicable to it with the appropriate authorities during the year.
- (x) The Company has accumulated losses at the end of the financial year and has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any banks. There were no dues to a financial institution or debenture holders during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any 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. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others



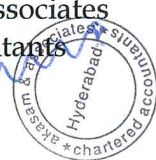
from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- (xvi) In our opinion and according to the information and explanations given to us, the term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, no debentures have been issued by the Company. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company
- (xx) During the period covered by our audit report, the Company has not raised any money by public issues.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Camp: Bangalore
Date : 06-06-2008

for akasam and associates
chartered Accountants


S. Ravi Kumar
Partner
M. No. 28881



AMR Power Private Limited
Bangalore
Balance Sheet as at 31st March, 2008

(Amount in Rs.)

Particulars	Schedule	As at 31.03.2008	As at 31.03.2007
SOURCES OF FUNDS			
1. Shareholders' Funds			
Share Capital	A	290,033,632	125,437,000
2. Loan Funds			
Secured Loans	B	660,486,674	496,220,078
Unsecured Loans	C	89,073,238	-
3. Deferred Tax Liability			
	D	150,120	77,737
TOTAL		1,039,743,664	621,734,815
APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	E	5,222,933	3,467,167
b) Less: Depreciation		599,566	261,478
c) Net Block		4,623,367	3,205,689
d) Capital Work In Progress		1,115,315,191	674,038,099
2. Current Assets, Loans and Advances			
a) Cash and Bank Balances	F	980,350	5,284,802
b) Loans and Advances		16,581,895	1,796,841
		17,562,244	7,081,643
3. Less: Current Liabilities and Provisions			
a) Current Liabilities	G	92,124,608	59,334,433
b) Provisions		10,808,475	5,958,972
		102,933,083	65,293,405
Net Current Assets		(85,370,838)	(58,211,762)
4. Miscellaneous Expenditure			
(To The Extent Not Written off)	H		
Preliminary and Preoperative Expenses		29,320	29,320
Profit and Loss Account		5,146,625	2,673,469
TOTAL		1,039,743,664	621,734,815

Significant Accounting Policies and Notes on Accounts

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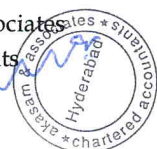
The Schedules referred to above and the notes on accounts form an integral part of the Balance Sheet

Vide our report of even date attached

For akasam and associates
chartered accountants

S. Ravi Kumar
Partner
M.No. 28881

Camp: Bangalore
Date : 06.06.2008



For and on behalf of the Board
AMR Power Private Limited

C. M. Rajesh
Managing Director

Place: Bangalore
Date : 06.06.2008

K. Mahesh

K. Mahesh
Director

Place: Bangalore
Date : 06.06.2008

AMR Power Private Limited
Bangalore
Profit & Loss Account for the Year ended 31st March, 2008

(Amount in Rs.)

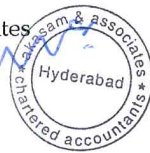
Particulars	Schedule	Year ended 31.03.2008	Year ended 31.03.2007
INCOME			
1) Contract Income		-	-
2) Other Income		-	-
TOTAL		<u>-</u>	<u>-</u>
EXPENDITURE			
1) Administrative and Selling Expenses	I	2,048,813	2,297,341
2) Depreciation	E	211,476	219,524
TOTAL		<u>2,260,289</u>	<u>2,516,865</u>
Profit Before Tax		(2,260,289)	(2,516,865)
Less: Provision for Taxation			
a) Current Tax		-	-
b) Fringe Benefit Tax		140,484	78,866
c) Deferred Tax (Asset)/Liability		72,383	77,737
Profit After Tax for the year		<u>(2,473,156)</u>	<u>(2,673,468)</u>
Balance Available for Appropriation		(2,473,156)	(2,673,468)
Less: Prior Period Adjustments		-	-
Less: Dividend		-	-
Less: Transfer to General Reserve		-	-
Balance Carried to Balance Sheet		(2,473,156)	(2,673,468)
Basic Earning Per Share			
Significant Accounting Policies and Notes on Accounts		J	
The Schedules referred to above and the notes on accounts form an integral part of the Profit & Loss Account			

Vide our report of even date attached

For akasam and associates
chartered accountants

S. Ravi Kumar
Partner
M.No. 28881

Camp: Bangalore
Date : 06.06.2008



For and on behalf of the Board
AMR Power Private Limited

C. M. Rajesh
Managing Director

Place: Bangalore
Date : 06.06.2008

K. Mahesh

K. Mahesh
Director

Place: Bangalore
Date : 06.06.2008

AMR Power Private Limited
Bangalore
Schedules forming part of the Balance Sheet as at 31st March, 2008

(Amount in Rs.)

Particulars	As at 31.03.2008	As at 31.03.2007
SCHEDULE - A		
SHARE CAPITAL		
Authorised Share Capital		
3500000 Equity shares of Rs. 100/- each	350,000,000	280,000,000
Issued, Subscribed and Paid up Share Capital		
2602500 Equity Shares of Rs. 100/- each fully Paid-up	260,250,000	101,500,000
(Previous year 1015000 Equity Shares of Rs.100/- each)	29,783,632	23,937,000
Share Application Money	290,033,632	125,437,000
SCHEDULE - B		
SECURED LOANS		
Term Loans from Banks		
(i) State Bank of India	346,798,127	258,892,543
(Secured by Hypothecation of entire movable assets of the Company except Book Debts)		
(ii) State Bank of Hyderabad	117,568,805	93,263,738
(Secured by pari- passu charge by way of hypothecation entire movable assets of the Company except Book Debts)		
(iii) State Bank of Mysore	193,928,959	142,362,893
(Secured by hypothecation of Stocks, Book Debts and other liquid assets of the company by way of First Charge and also by pari-passu second charge on the Company's immovable properties)		
Vehicle Loans from Financial Institutions/Banks		
(i) ICICI Bank Limited	353,100	511,632
(Secured by Hypothecation of Scorpio car as security for the amounts borrowed by the Company)		
(ii) ICICI Bank Limited	176,639	252,072
(Secured by Hypothecation of Wagon-R car as security for the amounts borrowed by the Company)		
(iii) ICICI Bank Limited	904,468	-
(Secured by Hypothecation of Scorpio as security for the amounts borrowed by the Company)		
(iv) Mahindra & Mahindra Finance Ltd	756,576	937,200
(Secured by Hypothecation of Tractors as security for the amounts borrowed by the Company)		
	<u>660,486,674</u>	<u>496,220,078</u>

AMR Power Private Limited
Bangalore
Schedules forming part of the Balance Sheet as at 31st March, 2008

(Amount in Rs.)

Particulars	As at 31.03.2008	As at 31.03.2007
SCHEDULE - C		
UNSECURED LOANS		
Loans from Corporates and Subsidiaries	89,073,238	-
	<u>89,073,238</u>	<u>-</u>
SCHEDULE - D		
DEFERRED TAX LIABILITY		
Opening Balance	77,737	-
For the Year	72,383	77,737
	<u>150,120</u>	<u>77,737</u>
SCHEDULE - E		
FIXED ASSETS		
CAPITAL WORK-IN-PROGRESS		
PROJECT COST		
Civil Works	547,167,411	310,467,279
ElectroMechanical Works	329,112,863	249,018,707
HydroMechanical Works	91,398,153	55,607,728
Interest During Construction	98,186,225	22,751,371
Engineering Consultancy	10,942,338	9,119,687
Land & Land Development	6,843,487	6,843,487
Project Development Expenses	31,664,714	20,229,841
	<u>1,115,315,191</u>	<u>674,038,099</u>

AMR Power Private Limited
Bangalore

Schedules forming part of the Balance Sheet as at 31st March, 2008

SCHEDULE - E
FIXED ASSETS

Particulars	Rate	Gross Block			Depreciation			Net Block		
		Cost as at 01.04.2007	Additions During the Year	Deletions During the Year	Total Cost as at 31.03.2008	As at 01.04.2007	For the year	Deletions during the year	As at 31.03.2008	As at 01.04.2007
ADMIN ASSETS										
Computers	16.21%	300,886	130,225	-	431,111	44,193	57,316	-	101,509	256,693
Office Equipment	4.75%	104,570	297,403	-	401,973	4,458	8,454	-	12,912	100,112
Vehicles	9.50%	1,720,721	-	-	1,720,721	186,972	145,706	-	332,678	1,533,749
PROJECT ASSETS										
Vehicles	9.50%	1,340,990	1,328,138		2,669,128	25,855	126,612	-	152,467	1,315,135
TOTAL		3,467,167	1,755,766	-	5,222,933	261,478	338,088	-	599,566	3,205,689
Capital Work In Progress		674,038,099	441,277,092	-	1,115,315,191	-	-	-	-	674,038,099
TOTAL		677,505,266	443,032,858	-	1,120,538,124	261,478	338,088	-	599,566	677,243,788

(Amount in Rs.)

AMR Power Private Limited
Bangalore
Schedules forming part of the Balance Sheet as at 31st March, 2008

Particulars	As at 31.03.2008	As at 31.03.2007
SCHEDULE - F		
CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
a) Cash and Bank Balances		
Cash in hand	208,449	2,272,824
Balances with Scheduled Banks		
In Current Accounts	771,901	3,011,978
	<u>980,350</u>	<u>5,284,802</u>
b) Loans and Advances		
(Unsecured and Considered Good except otherwise stated)		
Advances Recoverable in Cash or Kind or for value to be Received	15,400,607	1,204,563
Advances to Creditors	543,623	54,614
Deposits	637,665	537,665
	<u>16,581,895</u>	<u>1,796,841</u>
SCHEDULE - G		
CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities		
Sundry Creditors	1,154,194	1,469,313
Other Liabilities	90,970,414	57,865,120
	<u>92,124,608</u>	<u>59,334,433</u>
b) Provisions		
Provision for FBT	140,484	78,866
Consultancy Charges Payable	101,194	
Audit fee payable	162,942	62,189
Provision for Salaries	-	139,200
TDS Payable	10,403,855	5,678,717
	<u>10,808,475</u>	<u>5,958,972</u>
SCHEDULE - H		
MISCELLANEOUS EXPENDITURE		
(To The Extent Not Written off)		
Preliminary Expenses	29,320	29,320
Less: Written Off	-	-
	<u>29,320</u>	<u>29,320</u>
Profit and Loss Account (Debit Balance)		
Opening Balance	2,673,469	-
Loss Carried from Current year Profit and Loss Account	2,473,156	2,673,469
	<u>5,146,625</u>	<u>2,673,469</u>

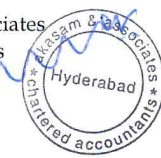



AMR Power Private Limited

Hyderabad

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2008

(Amount in Rs.)

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
SCHEDULE - I		
ADMINISTRATIVE AND SELLING EXPENSES		
Audit Fee	112,360	-
Advertisement	20,000	24,787
Books & Periodicals	13,462	4,420
Business Promotion Expenses	4,760	104,800
Donations	109,000	65,000
Pooja Expenses	158	1,850
Other Administrative Expenses	-	907,500
Salaries	1,789,073	1,179,500
Vehicle Insurance	-	9,484
	2,048,813	2,297,341

AMR Power Private Limited		
Bangalore		
Cash Flow Statement for the year ended 31st March, 2008		
Particulars	Year ended 31.03.2008	
	(Amt. in Rs.)	(Amt. in Rs.)
I. Cash From Operating Activities		
Net Profit before tax	(2,260,289)	
Add: Adjustments for		
Depreciation	211,476	
Operating Profit before working capital changes	211,476	-
Increase / Decrease in Working Capital		
(Increase) / Decrease in Loans & Advances	(14,685,053)	
(Increase) / Decrease in Deposits	(100,000)	
Increase / (Decrease) in Other Current Liabilities	32,790,175	
Increase / (Decrease) in Provisions	4,787,885	
Cash Generated/Used in Operations	22,793,006	-
Fringe Benefit Tax Paid	(78,866)	
Taxes Paid	(78,866)	-
Net Cash Flow From Operating Activities - I		20,665,327
II. Cash From Investing Activities:		
Purchase of Fixed Assets	(442,906,245)	
Net Cash Flow From Investing Activities - II		(442,906,245)
III. Cash From Financing Activities		
Increase in Shareholders funds	164,596,632	
Increase in Secured Loans	164,266,596	
Increase in Unsecured Loans	89,073,238	
Net Cash Flow From Financing Activities - III		417,936,466
Increase in cash & cash equivalent (I+II+III)		(4,304,452)
Reconciliation :		
Cash & Cash Equivalents at the beginning of the year		5,284,802
Closing Cash & Cash Equivalents at the end of the year		980,350
Increase in cash & cash equivalents at the end of the year		(4,304,452)
Vide our report of even date attached		
For akasam and associates chartered accountants		For and on behalf of the Board AMR Power Private Limited
 S. Ravi Kumar Partner M.No. 28881	 C. M. Rajesh Managing Director	 K. Mahesh Director
Camp: Bangalore Date : 06.06.2008	Place: Hyderabad Date : 06.06.2008	Place: Hyderabad Date : 06.06.2008

AMR Power Private Limited
Bangalore

Depreciation Statement As Per I.T. Rules For the Year Ended 31.03.2008

Sl.No	Particulars	Rate	Gross Block W.D.V As at 01.04.2007	Additions		Deletions for the year	Total	Depreciation For the Year	Net Block As at 31.03.2008
				30.09.2007	31.03.2008				
	Administration Assets								
1	Computers	60%	128,097	130,225	-	-	258,322	154,993	103,329
2	Office Equipment	15%	88,019	57,232	240,171	-	385,422	39,800	345,621
3	Vehicles	15%	1,320,682	-	-	-	1,320,682	198,102	1,122,579
			1,536,797	187,457	240,171	-	1,964,425	392,896	1,571,530
	Project Assets								
1	Vehicles	15%	1,282,041	-	1,328,138	-	2,610,179	291,916	2,318,262
			1,282,041	-	1,328,138	-	2,610,179	291,916	2,318,262
	TOTAL		2,818,838	187,457	1,568,309	-	4,574,604	684,812	3,889,792

(Amount in Rs.)

**AMR POWER PRIVATE LIMITED
BANGALORE**

SCHEDULE - J

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Background:

AMR Power Private Limited has a license for the construction and development of 24MW hydro Electricity power generation project at Perla village, near Mangalore, Karanataka State. The Project is under construction. Greenko Energies Private Limited (Formerly Known as Sri Balaji Biomass Power Private Limited), a company incorporated in India has acquired 100% equity from the promoters and other shareholders. Further it has invested in the equity of the company for funding the project.

A. Significant Accounting Polices

1. Basis of Accounting

- a. The financial statements are prepared under the historical cost convention on the basis of "Accrual Concept".
- b. Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.

2. Fixed Assets

Fixed Assets will be stated at cost of acquisition inclusive of inland freight, duties taxes and incidental expenses related to acquisition.

3. Foreign Currency Transactions

Transactions denominated in foreign currency are accounted at the exchange rate prevailing at the date of transaction.

4. Borrowing Costs:

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

5. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the income tax Act, 1961

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

The deferred tax assets is recognized and carried forward only to the extent reasonable and certain that the assets will be realized in future.

6. Retirement Benefits

At present the provisions of PF, Gratuity and ESI are not applicable and the provisions will be followed when ever they are applicable as per the provisions of the respective Acts.

B. Notes on Accounts

1. Directors' remuneration amounting to Rs. 10 lakhs was provided during the year.
2. The Company has not earned/ spent any foreign exchange during the year.
3. There are no Contingent Liabilities in the form of Bank Guarantees or letter of Credits during the period.
4. There is an inter company loan from the Holding company Greenko Energies Private Limited to support the project funding to the extent of Rs. 8,90,73,238/-
5. Since the Company is in preoperative stage, the quantitative details required under Paragraphs 3 and 4 of Part II of Schedule VI of the Companies Act, 1956 are not required.

SIGNATURES TO SCHEDULES A TO J

For and on behalf of the Board
AMR Power Private Limited



Place: Bangalore

Date : 06.06.2008

C.M. Rajesh

Managing Director

K. Mahesh

Director