



**5th Annual Report  
2011-2012  
(Abridged)**

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## ANNUAL REPORT 2011-2012

### BOARD OF DIRECTORS

Shri Dharmendra G. Siraj	- Chairman
Shri Chetan D. Mehra	
Shri Neelkamal V. Siraj	
Shri Upkar Singh Kohli	
Shri Vinesh N. Davda	
Shri Kishore N. Vussonji	
Shri Vishnu P. Kamath	
Shri Ganesh N. Kamath	- Managing Director
Shri T V Subramanian	- Head - Finance and Company Secretary

### BANKERS

Axis Bank Ltd  
State Bank of India  
Uco Bank

### AUDITORS

M/s U.B.Sura & Co.  
M/s Shyam C. Agarwal & Co.

### REGISTERED OFFICE

Empire House, 214, Dr. D.N. Road,  
Ent. A.K.Nayak Marg, Fort  
Mumbai - 400 001  
Tel. : 22071501-06, Fax : 22071514  
Email : investorshelpdesk@weizmann.co.in  
Website : karmaenergy.co

### WIND POWER PLANTS

Anantpur	- Andhra Pradesh
Satara	- Maharashtra
Coimbatore	- Tamil Nadu
Tirunelveli	- Tamilnadu
Theni	- Tamil Nadu

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## 5<sup>th</sup> ANNUAL GENERAL MEETING OF KARMA ENERGY LTD.

**Wednesday, 26th September, 2012 at 2.30 p.m.**

at

Textile Committee Auditorium, P. Balu Road,  
Off. Veer Savarkar Marg, Prabhadevi Chowk,  
Prabhadevi,  
Mumbai – 400 025

### REGISTRAR AND SHARE TRANSFER AGENTS

Bigshare Services Pvt. Ltd.  
E-2/3 Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (E), Mumbai - 400 071.  
Tel. No. 40430200 Fax No. 28475207

As a measure of economy copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

## NOTICE

Notice is hereby given that the 5th Annual General Meeting of the Members of KARMA ENERGY LIMITED will be held on Wednesday, 26th September 2012 at 2.30 p.m. at Textile Committee Auditorium, P. Balu Road, Off. Veer Savarkar Marg, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025 to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2012 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Neelkamal V. Siraj, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Dharmendra G. Siraj, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Messrs. U. B. Sura & Co., Chartered Accountants and Messrs. Shyam C. Agrawal & Co., Chartered Accountants, the retiring Auditors of the Company, as Joint Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Resolution, with or without modification, as an Ordinary Resolution:  
**RESOLVED THAT** Shri Upkarsingh Kohli, who was appointed by the Board of Directors as an Additional Director of the Company with effect from 9th November, 2011 in terms of Section 260 of the Companies Act, 1956 ('the Act') and who holds office upto the date of this Annual General Meeting of the Company, and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation..

Place : Mumbai  
Date : 13th August 2012

By Order of the Board

**T V Subramanian**  
Head - Finance & Company Secretary

## NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE ANNUAL GENERAL MEETING.
- b) The Register of Members and Share Transfer Books of the Company will be closed from September 25, 2012 to September 26, 2012 (both days inclusive) for the purpose of payment of dividend. In respect of shares held in electronic form, the dividend will be paid on the basis of ownership as per the details furnished by the Depositories for the purpose.
- c) Dividend on equity shares will be payable to those members whose names appear on the Company's Register of Members at the close of business hours on September 24, 2012.
- d) Shareholders are requested to notify immediately any change in their address to the Registered Office of the Company quoting their Folio Number and if the shares are held in dematerialised form, this information should be sent to their respective Depository Participants.
- e) Information on Directors recommended for re-appointment at the Annual General Meeting in terms of Clause 49 of the Listing Agreement is provided herewith.
- f) **The ministry of Corporate Affairs has vide Circular Nos. 17/2011 and 18/2011 dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011, respectively, undertaken a 'Green initiative in Corporate Governance' and allowed companies to share documents with its shareholders through electronic mode. Members are requested to support this green initiative by registering / updating their email addresses on the website of the company [www.karmaenergy.co](http://www.karmaenergy.co) under green initiative, in respect of shares held in dematerialized form with their respective depository participants and in respect of shares held in physical form, with Bigshare Services Private Ltd, the Company's Registrar and Share Transfer Agent or on the website mentioned above.**
- g) Copies of Balance Sheet including Profit and Loss Account, Schedules and Notes to Accounts along with the Auditors' Report thereon is available for inspection at the registered office of the Company during working hours for a period of twenty-one days before the date of Annual General Meeting.
- h) Abridged Financial Statements and Consolidated Financial Statements are sent to the members. Any member interested in obtaining a copy of the full Annual Report, may write to the Company.

**Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting**

(In pursuance of Clause 49 IV(G) of the Listing Agreement)

Name of Director	<b>Shri Upkarsingh Kohli</b>	<b>Shri Dharmendra G. Siraj</b>	<b>Shri Neelkamal V. Siraj</b>
Date of Birth	18.08.1947	28.12.1951	25.06.1953
Date of Appointment	09.11.2011	26.08.2010	26.08.2010
Qualifications	BE (Mech), CAIIB.	B.Com, Diploma in Management studies from UK	B. Com
Expertise in specific functional areas	45 years experience in Banking Industry	Over 40 years of experience in exports, engineering industry and financial services.	Over 35 years of experience in Textile Industry
Shareholding in the Company as on 13th August 2012	Nil	1112060 Equity shares of Rs.10/- each.	Nil
List of other public limited companies in which directorship held as on 13th August, 2011	Avon Organics Ltd STI India Ltd Birla Power Solutions Ltd Birla Cotsyn (India) Ltd Birla Pacific Med Spa Ltd Birla Surya Ltd C&M Farming Ltd UV Asset Reconstruction Co. Ltd. Weizmann Forex Ltd	Baledh Energy Projects Ltd Brahm Hydro-Electric Power Projects Ltd Joiner Hydro Power Projects Ltd Kaldar Energy Projects Ltd Kambam Valley Energy Projects Ltd Kondaibari Energy Ltd Malayamarutha Energy Projects Ltd Vajharpada Energy Ltd Vedang Tours and Travels Ltd Weizmann Ltd Weizmann Forex Ltd Weizmann International Ltd	Baledh Energy Projects Ltd Dabripada Energy Ltd Weizmann Ltd Weizmann Forex Ltd Weizmann International Ltd
Chairman / Member of the Committees of the Board across all public companies of which he is a Director as on 13h August, 2012	<b>Audit Committee :</b> Birla Cotsyn (India) Ltd Birla Power Solutions Ltd Birla Surya Ltd STI India Ltd	<b>Audit Committee :</b> Karma Energy Ltd Weizmann Ltd Weizmann Forex Ltd	Nil
	<b>Investors Grievance Committee :</b> Avon Organics Ltd	<b>Investors Grievance Committee :</b> Karma Energy Ltd Weizmann Ltd Weizmann Forex Ltd	Nil
Relationships between Directors interse	Nil	Nil	Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 6**

Shri Upkarsingh Kohli was appointed an Additional Director of the Company by the Board of Directors with effect from 9th November, 2011 pursuant to Section 260 of the Companies Act, 1956 ('the Act') and holds office only upto the date of this Annual General Meeting and is eligible for appointment. The Company has received a notice in writing from a member, proposing his candidature for the office of the Director under the provisions of Section 257 of the Act.

Shri Upkarsingh Kohli is BE (Mech) and CAIIB. He was associated with several public sector banks and

has over 45 years of experience in the field of banking, finance, foreign exchange and HR. Brief Information of Shri Upkarsingh Kohli is given in the Annexure attached to the Notice.

The Directors consider that Shri Upkarsingh Kohli's appointment as a Director will be of advantage to the Company and accordingly, the board commends his appointment for acceptance by the members.

Shri Upkarsingh Kohli is concerned or interested in the resolution at item no. 6 of the notice..

**Registered Office :**  
Empire House,  
214, Dr. D.N. Road,  
Ent. A.K. Nayak Marg, Fort  
Mumbai- 400 001

By Order of the Board  
  
**T V Subramanian**  
Head - Finance & Company Secretary

Place : Mumbai  
Date : 13th August 2012

## DIRECTORS' REPORT

### TO THE MEMBERS OF KARMA ENERGY LIMITED

The Directors are pleased to present this fifth Annual Report and the Audited Statement of Accounts for the year ended March 31, 2012.

#### 1. FINANCIAL RESULTS

Particulars	(Rs. in lakh)	
	2011-2012	2010-2011
Total Income including exceptional items	2982.78	1761.37
Profit Before Depreciation	1188.86	833.16
Less : Depreciation	793.44	760.77
Profit Before Tax	395.42	72.39
Less : Income Tax	160.91	27.00
Less : Deferred Tax	(0.38)	(34.16)
Profit After Tax	234.89	79.55
Add : Balance brought forward from previous year	11.81	(0.53)
Additions on amalgamation	(67.98)	--
Balance Available for appropriation	178.72	79.02
<b>Director's Recommendation for Appropriation :</b>		
Transfer to General Reserve	--	--
Proposed Dividend on Equity Shares @5% (2010 – 2011: 5 %)	57.82	57.82
Dividend Tax	9.38	9.38
Surplus Carried to Balance Sheet	111.52	11.81

The consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard 21 prescribed under Companies (Accounting Standards) Rules form part of the Annual Report and Accounts.

#### 2. DIVIDEND

Your Directors have recommended a dividend at 5 % (Re.0.50 per share) on equity shares (Previous year : 5 % ). The dividend, together with the tax on distributed profit, will absorb a sum of Rs.67.20 Lakh and will be paid to those shareholders whose names stand registered in the Register of members of the Company as on the book closure date.

#### 3. PERFORMANCE

During the year the Total Income of the Company was Rs.2982.78 Lakh as compared to Rs.1761.37 Lakh in the previous year. The Profit before depreciation achieved was Rs.1188.86 Lakh (Previous year - Rs.833.16 Lakh). The Profit after Tax registered was Rs.234.89 Lakh (Previous year Rs.79.55 Lakh).

#### 4. SUBSIDIARY COMPANIES

Your company has 8 subsidiary companies namely Almi Hydro-Electric Projects Ltd, Baledh Energy Projects Ltd, Batot Hydro Power Ltd, Brahmanvel Energy Ltd, Greenweiz Projects Ltd, Joiner Hydro Power Projects Ltd, Khandesh Energy Projects Ltd and Vajharpada Energy Ltd. All subsidiary companies are SPV's executing power projects which are in different stages of development except Greenweiz Projects Limited is in the

business of carrying out operation & maintenance of wind farms. Batot Hydro Power Ltd commissioned its 3.5 MW small hydro power project in June, 2012.

In accordance with the Circular No. 5/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India has granted general exemption from attaching the Balance Sheet, Statement of Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered office of the Company and that of the respective subsidiary companies. The Consolidated Financial statements presented by the company include the financial results of its subsidiary companies.

The statement pursuant to Section 212 of the Companies Act, 1956 containing the details of the Company's subsidiaries as at 31st March, 2012, is attached to the Annual Accounts.

#### 5. MERGER OF AVIRODH FINANCIAL SERVICES LTD WITH THE COMPANY :

Avirodh Financial Services Ltd amalgamated with the Company with effect from appointed date 1st April 2011 pursuant to the sanction of Scheme of Amalgamation by the Hon'ble High Court of Bombay vide their order dated 13th April, 2012. Consequently the Financials of said Avirodh Financial Services Limited have been incorporated in the financials of the company for 2011-12.

#### 6. DIRECTORS

Shri Upkarsingh Kohli was appointed as a Additional Director on 9th November, 2011 in accordance with Section 260 of the Companies Act, 1956 and Article 46 of the company's Articles of Association and will cease to hold office at this Annual General Meeting and is eligible for appointment. During the year under review M/s. IREDA withdrew the nomination of their nominee Director Shri. Sumant Chadha with effect from 24th October, 2011 in view of repayment of entire term loan facility availed by the Company. Your Board places on record their appreciation of the valuable contribution made by Shri. Sumant Chadha during his tenure as Nominee Director on the Board of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. Neelkamal V. Siraj and Shri. Dharmendra G. Siraj retire by rotation and, being eligible have offered themselves for re-appointment.

Attention of the Members is invited to the relevant items in the notice of the Annual General Meeting and the explanatory statement thereto.

#### 7. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- i) that in the preparation of the annual accounts for the year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgement 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 31st March, 2012 and of the profit of the Company for the year ended on that date ;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities; and
- iv) that the Directors have prepared the annual accounts on a going concern basis.

**8. PARTICULARS OF THE EMPLOYEES**

The Company does not have any employee whose particulars are required to be given under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended up to date.

**9. DISCLOSURE OF PARTICULARS**

Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 has to Report on the matters covered by this section.

As the Company is in the field of Wind Farm development and not manufacturing, the relevant provisions relating to conservation of technology absorption are not applicable. However as the Company is in the field of wind farm development and promoting green energy, it is directly contributing to reducing dependency on fossil fuel and thus conserving the fossil fuel.

The earnings and outgo in foreign exchange was Nil during the year.

**10. FIXED DEPOSITS**

Your Company has not accepted any Fixed Deposits within the meaning of Section 58A of the Companies Act, 1956.

**11. AUDITORS**

Messrs. U.B. Sura & Co. Chartered Accountants and Messrs. Shyam C. Agarwal & Co., Chartered Accountants, Statutory Auditors of the Company retire as Auditors at the forthcoming Annual General Meeting and have given their consent for re-appointment. The members will be required to appoint Auditors for the current year and fix their remuneration.

As required under the provisions of Section 224 of the Companies Act, 1956, the Company has obtained a written confirmation from

the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made at the ensuing Annual General Meeting will be within the limits specified in Section 224(1B) of the Companies Act, 1956.

**12. COST AUDITORS**

The Central Government had approved the appointment of M/s. K N Satyanarayan for conducting Cost Audit for the financial year 2011-12 As per the requirement of the central Government and pursuant to Section 233B of the Act, the audit of the cost accounts of Electricity companies are required to be audited from financial year beginning April 2011 Therefore pursuant to the approval of Ministry of Corporate Affairs, M/s. K. N. Satyanarayan having registration no. 7004 has been appointed as Cost Auditor for auditing the company's cost accounting records maintained as per Cost Accounting Records (Electricity Industry) Rules, 2011, relating to power generated for the financial year ended March 31, 2012.

Pursuant to the recommendation of the Audit committee, the Board of Directors have appointed M/s. K. N. Satyanarayan as the cost Auditors of the Company for conducting the Cost Audit Records of the Company for the financial year 2012-13 which has been approved by the Central Government.

**13. AUDITORS' REPORT**

The observations of the Auditors in their report, read with notes annexed to the accounts, are self-explanatory.

**14. CORPORATE GOVERNANCE**

Your Company has complied with Corporate Governance requirement as per the Clause 49 of the Listing Agreement. A report on Corporate Governance forms part of this report. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is appended to the Report on Corporate Governance.

**15. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is annexed forming part of this report.

**16. ACKNOWLEDGEMENT**

Your Directors express their grateful appreciation for the assistance and co-operation received from Government Authorities, Bankers, Lending Institutions, Suppliers and Customers during the year under review. Your Directors place on record their appreciation for the committed services of the executives and staff of the Company.

For and on behalf of the Board

Place : Mumbai

Date : 13th August, 2012

**Dharmendra G. Siraj**  
Chairman

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance Code

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. Your Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity. The Company has established systems and procedures to ensure that its Board of Directors are well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz. integrity, equity, transparency, fairness, disclosure, accountability and commitment to values. Your Company's essential character revolves around values based on transparency, integrity, professionalism and accountability. At the highest level, the company continuously endeavours to improve upon these aspects on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the company forward.

### 2. Board of Directors

#### I Composition and size of the Board

The Company is being managed by the Managing Director under the supervision of the Board of Directors ('the Board'). The Current strength of the Board is Eight. Since the Company has a Non Executive Chairman who is part of the promoter group of the company, the Board meets the stipulated requirement of at least one-half of the Board comprising of Independent Directors.

The composition of and the category of directors on the Board of the Company as at March 31, 2012 were as under.

Category	Particulars of the Directors
Non Executive – Non Independent	Shri Dharmendra G. Siraj - Chairman Shri Chetan D. Mehra Shri Neelkamal V. Siraj
Non Executive - Independent	Shri Vishnu P. Kamath Shri Upkarsingh Kohli Shri Kishore N. Vussonji Shri Vinesh N. Davda
Executive	Shri Ganesh N. Kamath – Managing Director

As per Articles of Association of the Company all the Directors except Nominee Directors, if any, are liable to retire by rotation.

#### II Conduct of Board Proceedings

The day to day activities of the Company are conducted by the executives of the Company under the direction of the Managing Director and the overall supervision of the Board. During the financial year 2011-2012 the Board held four meetings on June 28, 2011, August 11, 2011, November 09, 2011 and February 8, 2012.

The Board periodically reviews compliance report of all laws applicable to the Company and take steps to rectify

deviations, if any. The Board also reviews and discusses the performance of the company, its future plans, strategies and other pertinent issues relating to the Company.

### III Attendance of Directors

Attendance of Directors at the Board Meetings held during 2011-2012 and the last AGM held on September 30, 2011.

Directors	Meetings held during the tenure of Directors	Meetings Attended	Attendance at last AGM	No. of other Directorship held #	No. of other Committee Membership held
Shri D G Siraj	4	3	Yes	12	4
Shri C D Mehra	4	3	Yes	10	1
Shri N V Siraj	4	3	Yes	5	-
Shri V P Kamath	4	3	Yes	9	7
Shri G N Kamath	4	3	Yes	13	1
Shri U A Kohli \$	2	2	N.A	9	5
Shri K N Vussonji	4	3	Yes	5	2
Shri V N Davda	4	1	Yes	4	2
Shri S T Chadha**	2	1	No	2	-

A sitting fee of Rs. 2000/- per meeting is paid to Directors (except Managing Director) for attending the Board Meeting.

\$ appointed w.e.f 09-11-2011, \*\* Resigned w.e.f 24-10-2011 (persons holding Directorship for part of the year)

# (excluding private limited, foreign company and section 25 company)

Shri Chetan D. Mehra is related to Shri Dharmendra G. Siraj.

None of the Directors holds directorship in more than 15 public limited companies.

No director holds membership of more than 10 committee of board nor is any director chairman of more than 5 committee's of boards.

#### Details of Shareholding of Non-Executive Directors

Sr. No.	Name of Directors	No. of shares held as on 31st March, 2012
1.	Shri Dharmendra G. Siraj	11,12,060
2.	Shri Chetan D. Mehra	14,64,010
3.	Shri Neelkamal V. Siraj	Nil
4.	Shri Vishnu P. Kamath	Nil
5.	Shri Kishore M. Vussonji	Nil
6.	Shri Sumant Chadha	Nil
7.	Shri Vinesh N. Davda	2,07,366
8.	Shri Upkarsingh Kohli	Nil

### 3. Audit Committee

The Audit Committee inter alia, provides assurance to the Board on the adequacy of the internal control systems, financial disclosures and ensures that generally accepted accounting principles are observed by the Company. It also provides



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guidance and liaise with the Cost Auditor and the Statutory Auditors of the Company. The terms of reference of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement read in conjunction with Section 292A of the Companies Act, 1956. The Audit Committee presently comprises of Shri Vishnu P. Kamath as the Chairman, Shri Dharmendra G. Siraj and Shri Vinesh N. Davda as members of the Committee. The Managing Director and Auditors are invited to attend the meetings of the Audit Committee. The Audit committee discharges such duties and functions indicated in Clause 49 of the Listing Agreement with the stock exchanges and also such other functions as may be specifically delegated to it by the Board from time to time. The Audit Committee held its meeting on August 11, 2011, November 09, 2011 and February 08, 2012 subsequent to the listing of the equity shares on the bourses.

The Company Secretary acts as Secretary to the Committee.

The composition of the Audit Committee and the attendance of the Members in the meetings are as under :

Name	Category	Number of Meetings during the year 2011-12	
		Held	Attended
Shri V. P. Kamath	Non-Executive Independent	3	3
Shri D.G. Siraj	Non-Executive	3	3
Shri V. N. Davda	Non-Executive Independent	3	3

#### 4. Remuneration Committee

The Company has one Executive Director on the Board, whose appointment and remuneration is fixed by the Board of Directors and in terms of the resolution passed by the members.

In view of above, the Company does not have a Remuneration Committee. The Board of Directors determines the remuneration of the Executive Director. During the year, the Company paid sitting fees of Rs.2,000/- per meeting to the Non-Executive Directors for attending meetings of the Board of Directors

No significant / material transactions have been made with the Non-Executive Directors vis-à-vis the Company.

The details of remuneration paid to Managing Director from 1st April, 2011 to 31st March, 2012 is given below

Name of the Managing Director	Salary (Rs. in Lacs)	Commission	Perquisites and Allowances (Rs. in Lacs)	Retiral Benefits* (Rs. in Lacs)
Ganesh N. Kamath	12.99	-	4.21	1.44

Notes : The agreement with Managing Director is for a period of 3 years from 1st December, 2010.

\* Exclusive of provision for leave encashment and contribution to the approved group gratuity fund, which are actuarially determined on an overall basis.

#### 5. Shareholders / Investors' Grievance Committee

The Company has constituted Investors Grievance Committee in accordance with the requirements of Clause 49 of the Listing Agreement. The Shareholders / Investors Grievance Committee comprise of Shri Vishnu P. Kamath as the Chairman and Shri Dharmendra G. Siraj and Shri Vinesh N. Davda as members of the Committee. The said Committee looks into redressing investors' complaints pertaining to transfer / transmission of shares, non-receipt of dividend / annual report of the Company. The Committee met twice during the financial year on 11th August, 2011 and 08th February, 2012 respectively. Shri T. V. Surbramanian, Company Secretary acts as the Company's Compliance Officer.

The composition of the investors grievance committee and the details of the meetings attended by its members are given below .:

Name	Category	Number of Meetings during the year 2011-12	
		Held	Attended
Shri V. P. Kamath	Non-Executive Independent	2	2
Shri D.G. Siraj	Non-Executive	2	2
Shri V. N. Davda	Non-Executive Independent	2	2

Number of shareholders complaints received during the year was 8. All the 8 complaints received during the financial year were resolved to the satisfaction of the investors. There were no complaints pending to be resolved as on 31<sup>st</sup> March, 2012.

#### 6. Sub-Committee of Board of Directors

Composition:

Shri D.G. Siraj, Chairman

Shri C. D. Mehra

Shri G. N. Kamath, Managing Director

The sub-committee normally deals with the following matters :

- Transfer / Transmission / Transposition of shares, issue of duplicate share certificate, consolidation of shares / sub-division of shares.
- Review of Dematerialization of shares.
- Normal day to day matters & all other matters as prescribed and delegated to the sub-committee by the Board of Directors from time to time. The minutes of the subcommittee meetings are noted and ratified at every ensuing meeting of the Board of Directors of the Company.

The sub-committee meeting is normally held twice a month. 18 sub-committee meetings were held during the financial year ended 31st March, 2012.

#### 7. General Body Meetings

Details of the last three Annual General Meetings (AGMs)

Date & Year	Time	Location where AGM held in the last 3 years.
30/09/2011; 2010-2011	3.30 p.m.	M C Ghia Hall, 4th Floor, Hargovindas Bldg, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001
30/09/2010; 2009-2010	11.45 a.m.	Empire House, 214, Dr. D. N. Road, Ent. A. K. Nayak Marg, Fort, Mumbai-400 001.
25/09/2009; 2008-2009	11.45 a.m.	26, Gobind Mahal, 86B, N. S. Road, Marine Drive, Mumbai - 400 002

Whether resolution was put through a Postal Ballot last year: No

#### 8. Disclosures

##### Basis of related party transaction

Related party transactions as required to be complied under Accounting Standard 18 (AS-18) are furnished under Serial no 12 of Note 23 forming part of the Financial Statement for Financial Year ended 31/3/2012.

##### Non Compliance / Strictures / Penalties Imposed

There has neither been any non compliance of any legal provision nor any penalty, stricture imposed by the Stock Exchange or SEBI or any other authorities on any matters related to Capital Market during last three years.

#### Disclosure of Accounting treatment

Your Company has followed all relevant Accounting standards while preparing the Financial Statements.

#### Risk Management

Risk evaluation and management is an ongoing process within the organization. Your company has a risk management policy and it is periodically reviewed by the Board of Directors .

#### Shareholders

The Company has provided the details of Directors seeking appointment/re-appointment in the notice of Annual General Meeting provided with the Annual Report. Quarterly presentations on the Company results are available on the website of the Company [www.karmaenergy.co](http://www.karmaenergy.co)

#### 9. Code of Conduct

The Code of Conduct for the Directors and Senior Management of the Company has been laid down by the Board and the same is posted on the website of the Company [www.karmaenergy.co](http://www.karmaenergy.co).

For the year under review, all Directors and Senior Management of the Company has confirmed their adherence to the provisions of the said code.

#### Declaration as required under Clause 49 of the Listing Agreement.

We confirm that the Board Members and Senior Management of the Company have confirmed compliance with the code of conduct, as applicable to them, for the year ended 31<sup>st</sup> March, 2012.

Sd/-

Place : Mumbai

**Ganesh N. Kamath**

Date : 13th August, 2012

**Managing Director**

#### 10. Code of Conduct for prevention of Insider Trading

Karma Energy Ltd has a Code of Conduct for prevention of Insider Trading in Shares and Securities of the Company for its Directors and Designated employees.

#### 11. Subsidiary Companies

Batot Hydro Power Ltd is a material non-listed Indian Subsidiary Company in terms of Clause 49 (III) of the listing Agreement. Shri Vinesh N. Davda and Shri Vishnu P. Kamath – I n d e p e n d e n t Directors are directors on the board of Batot Hydro Power Ltd.

The Audit Committee reviews the financials statements, in particular the investments made by unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions and arrangement entered into by the unlisted subsidiary companies are placed before the Board / Audit Committee for their review.

#### 12. Means of Communication

Half yearly report sent to each household of Shareholders	- No
Quarterly results usually published in (Proposed)	- Business Standard (English daily) - Tarun Bharat (Marathi daily)
Any website where displayed	- <a href="http://www.karmaenergy.co">www.karmaenergy.co</a> <a href="http://www.nseindia.com">www.nseindia.com</a> <a href="http://www.bseindia.com">www.bseindia.com</a>
Whether any advertisement also displayed official news releases and presentations made to institutions or investors / analysts	- No presentation made

Whether management discussions and analysis forms part of Annual Report	- Yes
Whether shareholders information section forms part of Annual Report	- Yes

#### 13. General Shareholder Information

##### a) 5th Annual General Meeting- Day, Date, Time and Venue

Day	Date	Time	Venue
	Wednesday 26/09/2012	2.30 p.m	Textile Committee Auditorium P. Balu Road, Off. Veer Savarkar Marg, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025.

##### b) Financial Calendar

Financial Year	: 1st April, 2012 to 31st March, 2013
Adoption of Quarterly Results for the quarter ending June, 2012	: 13th August, 2012
September, 2012	: on or before 15th November, 2012
December, 2012	: on or before 14th February, 2013
March, 2012	: on or before 15th May, 2013
Book Closure Date	: 25th September, 2012 to 26th September, 2012 (Both days inclusive)
Dividend Payment	: On or before 15/10/2012

##### c) Listing on Stock Exchanges

##### d) Stock Exchange Codes :

Bombay Stock Exchange Ltd	: 533451
National Stock Exchange of India Ltd	: KARMAENG
ISIN NO.	: INE725L01011

##### e) Market Price Data/Performance:

Since the company's equity shares got listed on 28th June, 2011 on BSE and NSE the market price data for the company's equity shares for the financial year 2011-12 are provided from June 2011.

Month	BSE		INDEX-SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
June 2011	48.65	15.15	18873	17314
July 2011	19.20	13.00	19131	18131
August 2011	15.31	10.30	18440	15765
September 2011	13.45	10.40	17211	15801
October 2011	13.84	11.09	17908	15745
November 2011	18.50	12.60	17702	15478
December 2011	17.40	13.60	17003	15135
January 2012	17.32	14.05	17258	15358
February 2012	17.55	13.70	18523	17061
March 2012	15.55	13.24	18040	16920

Month	BSE		INDEX-SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
June 2011	49.40	17.20	8103	7632
July 2011	19.40	12.45	8215	8005
August 2011	14.30	9.20	8007	7044
September 2011	14.00	11.00	7513	7072
October 2011	14.25	11.00	7267	6824
November 2011	18.70	12.05	7323	6467
December 2011	17.10	13.20	6835	6037
January 2012	16.80	14.55	8377	6096
February 2012	16.90	14.00	7981	7188
March 2012	15.95	12.55	7886	7468

**f) Registrar & Transfer Agents :** Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (E), Mumbai-400072  
Tel : 28470652, Fax : 28475207  
Email : info@bigshareonline.com  
Website: www.bigshareonline.com

**g) Share Transfer System :**

With a view to expedite the process of share transfer, the Board of Directors has delegated the powers of share transfers to the Sub-Committee of Board of Directors. Shares lodged in physical form with the Company / Registrar & Share Transfer Agent are transferred expeditiously. The confirmation in respect of the request for dematerialisation of shares is sent to the respective depositories i.e. NSDL and CDSL after duly transferred.

**h) Dematerialisation of Shares and Liquidity of Shares:**

The Shares of the Company are permitted for trading in dematerialisation form only. The Company's shares are available for trading in the depository system of both NSDL and CDSL. 1,06,52,496 Equity Shares representing 92.11 % of the share capital of the Company stands dematerialised as on 31st March, 2012. This includes dematerialization of 100% of the Promoter Group's holding in the company.

The Shares of the Company are included under B group at the Bombay Stock Exchange Ltd. The shares are also traded at National Stock Exchange of India Ltd.

**i) Shareholding Pattern as on 31st March, 2012:**

Sr. No	Category	No. of Equity Shares	Percentage of Shareholding
A	<b>Promoters Holding</b>		
	Indian Promoters	8627441	74.60
B	<b>Non Promoter Holding</b>		
a.	Mutual Funds & UTI	-	-
b.	Banks, Financial Institutions Insurance Companies (Central / State Govt. Institutions/ Non Government Institutions)	199	0.001
c.	FII's	Nil	Nil

C	Others		
a.	Private Corporate Bodies	174586	1.51
b.	Indian Public	2651306	22.93
c.	NRIs/OCBs	110373	0.95
d.	Any other (Demat Transit)	452	0.00
	<b>GRAND TOTAL</b>	<b>11564357</b>	<b>100.00</b>

**j) Distribution of Shareholding as on 31st March, 2012 :**

Range (In Rs)	Total Holders	Total Holdings in Rupees
1 – 5000	8560	8884630
5001-10000	314	2163600
10001 – 20000	133	1804410
20001 – 30000	30	721610
30001 - 40000	20	706420
40001 – 50000	7	316270
50001 – 100000	28	2091350
100001 – 999999999	45	98955280
<b>Total</b>	<b>9137</b>	<b>115643570</b>

**k) Outstanding GDR's / ADR's / - Not Applicable Warrants or any Convertible instruments, conversion date and likely impact on equity**

**l) Wind Power Plant Location** - Anantpur - Andhra Pradesh  
Coimbatore - Tamil Nadu  
Tirunelveli - Tamil Nadu  
Theni - Tamil Nadu  
Satara - Maharashtra

**m) Address for Correspondence - Regd. Office of the company**

Empire House,  
214, Dr. D.N.Road,  
Ent. A.K. Nayak Marg,  
Fort, Mumbai - 400 001.  
Tel. : 22071501-06  
Fax : 2207 514  
Website: karmaenergy.co

**Reg. & Share Transfer Agent**

Bigshare Services Pvt. Ltd.,  
E-2/3, Ansa Indl. Estate,  
Saki Vihar Road, Saki Naka,  
Andheri ( East),  
Mumbai - 400 072.  
Tel : 40430200  
Fax, 28475207  
Email :  
info@bigshareonline.com  
www.bigshareonline.com

**n) Dedicated email id for investor complaints - Investorshelpdesk@weizmann.co.in**

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

### BUSINESS REVIEW

The focus of the company is in the business areas of power generation from renewable energy sources primary wind and through subsidiary companies which are Special Purpose Companies (SPCs) in both wind and small hydro. The company invests in projects directly or invests in equities of SPCs who are in the business of development of renewable energy projects.

The aggregate capacity of the installed wind farms is about 33.25 MW as at 31.03.2012.

The Financial Year 2011-2012 recorded a total income of Rs.2982.78 lakh (P.Y. Rs.1761.37 Lakh); Cash Profits Rs.1188.86 lakh (P.Y. Rs. 833.16 Lakh); PBT of Rs.395.42 lakh (P.Y. Rs.72.39 Lakh); and PAT of Rs.234.89 lakh (P.Y. Rs.79.55 Lakh).

A 3.5 MW Small Hydro Project at Chamba, Himachal Pradesh of the subsidiary company Batot Hydro Power Limited was commissioned on 16th June 2012.

The Company has plans to add installed capacities of minimum of 10 to 15 MW wind farm every year.

### OUTLOOK, OPPORTUNITIES AND THREATS

The growth of renewable energy development in India over the past decade has been quite significant. The country's aim is to achieve minimum 15% generation from renewable energy sources contributing to the total generation from all sources by 2020. In line with this objective the Central Government, State Government, the Nodal Agencies, The Electricity Regulatory Commissions having laying down clear path for the renewable energy developers to harness the renewable energy sources for sustained growth in the sector.

The growth in renewable energy is now a compulsion rather than a business venture. The Global Warming phenomenon is already playing havoc in the nature across the world. There have been unprecedented floods, extreme hot temperature, inadequacy of rains, faster melting of snow, rise in water levels in the seas. The cause for such events as per expertise is on account of fast paced industrialization, high usage of fossil fuel contributing to greater pollution across nature whether it is atmosphere, land or water. One of the solutions to arrest the above is to reduce the dependency on fossil fuel which is anyway depleting day by day and increase the usage of renewable energy by generating more power from such sources for the benefit of the world today and tomorrow.

As far as India is concerned, though there have been encouraging policies and guidelines from Government and other Regulatory authorities the issues that are at times seen as impediments to the growth are reduced availability of good sites for setting up wind farms and now more wind potential sites are in the forest domain wherein approval is required from forest authorities at the highest level in the Government. Since safeguarding the forest wealth and wild life is also an equally important duty of not only the Government but every citizen of the country for the benefits which we reap from the same, there has been ongoing conflicts between making available the forest land for renewable energy development like wind power or hydro power and at the same time ensuring reduction in deforestation.

The second more important barrier for development of renewable energy has been the implementation of rules and regulations by State Power Utilities. In this regard as far as your company is concerned, in respect of the plants in Tamil Nadu there has been considerable delay of more than one year in releasing the value of power generation by State Power Board, in Andhra Pradesh on account of the Board insisting on revised tariff for purchase of wind power and the matter pending with State Regulatory Commission for the past six years, the Board has been releasing only 50% of the payment for the last one year and in Maharashtra though payments are regular, there has been slackness in timely granting of open access approvals and incorporating many a conditions wherein the local utility do not have any mandate to do so.

As far as new projects are concerned especially in Karnataka there has

been an issue of the entire West Coast belt being declared as heritage site however, the State Government taking up the matter with the appropriate authorities for permitting development of renewable energy. Hence unless there is a clear policy on the matter, the approvals to be given is being processed at a low pace. In Gujarat where the Group has certain wind farm projects granted, evacuation of power has been the biggest issue.

Despite all the aforesaid obstacles, there is no alternative to develop renewable energy as the said energy is for the posterity and one of the essential tools to combat greenhouse effects and climate change.

For new projects the revenues are from wind power, renewable energy certificates which can be traded freely in the market and also from Carbon Emission Reduction Certificates (CERs).

However as far as CERs are concerned there has been a little ambiguity on account of the expiry of Kyoto Protocol in 2012 and the World Forum still deliberating on the new set of policies. Adding to the woes on this matter is the economic downturn in most of the European countries and hence they shying away from purchasing the CERs and the values thereof have been plummeted to new lows.

### RISKS AND CONCERNS

On Renewable Energy Sector, the proper implementation of the policies by the State Utilities as well as clear cut directions from State Electricity Regulatory Commissions have become a must considering the experience in the last couple of years in the states where your Company is having wind farms and the Group is developing wind farms and Small Hydro Projects.

The ambiguity on various aspects that exist in the State of Maharashtra, Andhra Pradesh and Tamil Nadu have been detailed above. Also there has been a withdrawal of accelerated depreciation of 80% with effect from 01.04.2012 by the Central Government on account of amendment of Depreciation rules. This could be a dampening factor for profitable entities developing new wind farm projects since they would be deprived of savings in financial costs by deferring the tax on the accelerated depreciation component.

The delay in release in payments for wind power generation in Tamil Nadu and Andhra Pradesh and inordinate delays in issuance of open access approval in Maharashtra and further stipulating conditions not having the stamp of State Regulatory authorities is resulting in avoidable lengthy litigations taking place under different judicial forums.

Shortage of good wind farm sites, many local issues in the form of local population insisting on job security to the members of their family in lieu of their giving their land even for a good consideration, delays in approval from forest authorities for release of forest land, the environmental protection lobbies are some of the concerns. Unfortunately there is little realization that renewable energy from wind power or small hydel power are in fact contributing immensely to the society.

The Management Discussions and Analysis explaining the objectives of the company, the opportunities and threats, the outlook for the future, the risks and concerns have to be read with the meaning of relevant applicable laws and regulations. The actual physical performance may differ materially from those explained hereinabove.

### INTERNAL CONTROL SYSTEM

The company has a system of internal controls to ensure that all its assets are properly safeguarded and protected against loss from unauthorized use or disposal. Further all the internal control system is practiced by the company to ensure that all transactions are authorized, recorded and reported correctly.

The Company has an Audit Committee of Directors which reviews the adequacy of internal controls.

### MATERIAL DEVELOPMENT IN HUMAN RESOURCES

The business in which the company is engaged does not call for large manpower resources.

The company has a team of able and experienced professionals. The work culture and value system in the company is designed to provide each employee the adequate space, freedom and guidance to bring out their full potential and provide personal growth opportunities within the organization.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,

**The Members of  
Karma Energy Limited  
Mumbai**

We have examined the compliance of conditions of Corporate Governance by Karma Energy Limited for the year ended March 31, 2012, as stipulated in clause 49 of Listing Agreement of the said company with Stock Exchanges, with relevant records and documents maintained by the

Company and furnished to us.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above - mentioned Listing Agreement.

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

**For Shyam C. Agarwal & Co.  
Chartered Accountants  
FR No. 110243W**

**Shyam C. Agarwal  
Proprietor  
Membership No. 31774**

**Place: Mumbai  
Dated: 13th August, 2012**

**For U.B. Sura & Co.,  
Chartered Accountants  
FR No. 110620W**

**U.B. Sura  
Proprietor  
Membership No: 32026**

**AUDITORS' REPORT ON ABRIDGED ACCOUNTS**

To,

**The Members of  
Karma Energy Limited  
Mumbai**

We have examined the attached abridged Balance Sheet of Karma Energy Limited (the Company') as at March 31, 2012 and the related abridged Statement of Profit and Loss for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, together with the notes thereon. These abridged financial statements have been prepared by the Company pursuant to Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956 and are based on the financial statements of the Company for the year ended March 31, 2012 prepared in accordance with Schedule VI of the Companies Act, 1956 and is covered by our report of even date to the members of the Company which report is attached.

**For Shyam C. Agarwal & Co.  
Chartered Accountants  
FR No. 110243W**

**Shyam C. Agarwal  
Proprietor  
Membership No. 31774**

**Place: Mumbai  
Dated: 13th August, 2012**

**For U.B. Sura & Co.,  
Chartered Accountants  
FR No. 110620W**

**U.B. Sura  
Proprietor  
Membership No: 32026**

**ABRIDGED BALANCE SHEET AS AT 31.03.2012**

Particulars	(Rs. In Lakh)	
	As At 31.03.2012	As At 31.03.2011
<b>I EQUITY AND LIABILITIES</b>		
<b>1) Shareholders' Funds</b>		
(a) Paid-up Share Capital		
(i) Equity	1,156.44	1,156.44
(ii) Preference Share Capital - Suspense	-	-
	0.56	-
(b) Reserves and Surplus		
(i) Capital Reserve (including Revaluation Reserve, if any);	9.45	-
(ii) Revenue Reserves	3,074.95	3,074.95
(iii) Surplus	111.52	11.81
(c) Money received against share warrants	-	-
<b>(2) Share application money pending allotment</b>	-	-
<b>(3) Non-Current Liabilities</b>		
(a) Long Term Borrowings	6,158.46	3,309.27
(b) Deferred Tax Liabilities (Net)	2,312.33	2,312.71
(c) Other Long Term Liabilities	-	-
(d) Long Term Provisions	76.81	63.70
<b>(4) Current Liabilities</b>		
(a) Short-Term Borrowings	341.45	1,627.88
(b) Trade Payables	124.56	93.12
(c) Other Current Liabilities	1,158.53	1,880.78
(d) Short-Term Provisions	268.85	105.45
<b>Total of (1) to (4)</b>	<u>14,793.91</u>	<u>13,636.12</u>
<b>II ASSETS</b>		
<b>(5) Non-Current Assets</b>		
(a) Fixed Assets		
(i) Tangible Assets (Original cost less depreciation)	7,527.06	7,759.94
(ii) Intangible Assets (Original cost less depreciation / amortization)	-	-
(iii) Capital Work-in-Progress	5.98	2.17
(iv) Intangible Assets under Development	-	-
(b) Non-Current Investments	3,123.22	3,110.80
(c) Deferred Tax Assets (net)	-	-
(d) Long-Term Loans and Advances	64.89	358.75
(e) Other Non-Current Assets	203.65	201.99
<b>(6) Current Assets</b>		
(a) Current investments	-	-
(b) Inventories	-	-
(c) Trade receivables	1,168.71	1,162.10
(d) Cash and cash equivalents	175.16	47.06
(e) Short-term loans and advances	2,144.73	970.48
(f) Other current assets	380.51	22.84
<b>Total of (5) to (6)</b>	<u>14,793.91</u>	<u>13,636.12</u>

See accompanying notes to the financial statements  
As per our report of even date attached

For U. B. Sura & Co.  
Chartered Accountants

U. B. Sura  
Proprietor  
Membership No. 32026  
FR No. 110620W  
Place : Mumbai  
Date : 13.08.2012

For Shyam C. Agarwal & Co.  
Chartered Accountants

Shyam C. Agarwal  
Proprietor  
Membership No. 31774  
FR No. 110243W  
Place : Mumbai  
Date : 13.08.2012

For and on behalf of the Board

D. G. Siraj  
(Chairman)

G. N. Kamath  
(Managing Director)

T. V. Subramanian  
(Head - Finance &  
Company Secretary)

**ABRIDGED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2012**

Particulars	Year ended 31.03.2012	(Rs. In Lakh) Year ended 31.03.2011
<b>I Income</b>		
Revenue from Operations		
I Sale of Products Manufactured	2,354.49	1,339.43
II Sale of Goods Traded	-	-
III Revenue from Services Provided	-	-
IV Other Operational Revenue	181.14	197.38
Less : Excise Duty	-	-
<b>Net Revenue from Operations</b>	<b>2,535.63</b>	<b>1,536.81</b>
<b>II Other Income</b>		
a Revenue from Interest	153.41	223.26
b Revenue from Other	293.74	1.30
	<b>447.15</b>	<b>224.56</b>
<b>III Total Income (I + II)</b>	<b>2,982.78</b>	<b>1,761.37</b>
<b>IV Expenditure</b>		
(a) Cost of materials consumed	-	-
(b) Purchases of stock-in-trade	-	-
(c) Changes in inventories	-	-
(d) Operation & Maintenance cost	485.71	292.95
(e) Employee benefits expense	169.59	45.47
(f) Finance costs	944.67	438.80
(g) Depreciation and amortization expense	793.44	760.77
(h) Other expenses	193.95	150.99
<b>Total Expenditure (a) to (h)</b>	<b>2,587.36</b>	<b>1,688.98</b>
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>	<b>395.42</b>	<b>72.39</b>
<b>VI Exceptional Items</b>	-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>	<b>395.42</b>	<b>72.39</b>
<b>VIII Extraordinary Items</b>	-	-
<b>IX Profit before tax (VII - VIII)</b>	<b>395.42</b>	<b>72.39</b>
<b>X Tax Expense</b>		
(1) Current tax	175.00	27.00
(2) Deferred tax	(0.38)	(34.16)
(3) MAT Credit entitlement	(14.09)	-
<b>XI Profit / (Loss) for the year from continuing operations (IX - X)</b>	<b>234.89</b>	<b>79.55</b>
<b>XII Profit / (Loss) from discontinuing operations</b>	-	-
<b>XIII Tax Expense of discontinuing operations</b>	-	-
<b>XIV Profit / (Loss) from discontinuing operations (after tax) (XII - XIII)</b>	-	-
<b>XV Profit / (Loss) for the year (XI + XIV)</b>	<b>234.89</b>	<b>79.55</b>
<b>XVI Earnings per equity share:</b>		
1. Basic	2.03	0.69
2. Diluted	2.03	0.69

See accompanying notes to the financial statements  
As per our report of even date attached

For U. B. Sura & Co.  
Chartered Accountants

U. B. Sura  
Proprietor  
Membership No. 32026  
FR No. 110620W  
Place : Mumbai  
Date : 13.08.2012

For Shyam C. Agarwal & Co.  
Chartered Accountants

Shyam C. Agarwal  
Proprietor  
Membership No. 31774  
FR No. 110243W  
Place : Mumbai  
Date : 13.08.2012

For and on behalf of the Board

D. G. Siraj  
(Chairman)

G. N. Kamath  
(Managing Director)

T. V. Subramanian  
(Head - Finance &  
Company Secretary)

## ABRIDGED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

	Year Ended 31.03.2012	(Rs. In Lakh) Year Ended 31.03.2011
Cash Flow from Operating Activities	(594.72)	(1,535.27)
Cash Flow from Investing Activities	(573.44)	(481.22)
Cash Flow from Financing Activities	1,433.00	1,677.90
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b><u>264.84</u></b>	<b><u>(338.59)</u></b>
Cash and Cash Equivalent at the Beginning of the year	(184.76)	0.46
Add on Amalgamation / De-merger	5.72	153.36
	<u>(179.04)</u>	<u>153.82</u>
<b>Cash and Cash Equivalent at the End of the year</b>	<b><u>85.79</u></b>	<b><u>(184.76)</u></b>
(a) Cash on Hand	0.14	-
(b) Cheques on hand	-	12.85
(c) Balances with banks		
in current accounts	85.65	(197.61)
	<u>85.79</u>	<u>(184.76)</u>

As per our report of even date attached

For U. B. Sura & Co.  
Chartered Accountants

U. B. Sura  
Proprietor  
Membership No. 32026  
FR No. 110620W  
Place : Mumbai  
Date : 13.08.2012

For Shyam C. Agarwal & Co.  
Chartered Accountants

Shyam C. Agarwal  
Proprietor  
Membership No. 31774  
FR No. 110243W  
Place : Mumbai  
Date : 13.08.2012

For and on behalf of the Board

D. G. Siraj  
(Chairman)

G. N. Kamath  
(Managing Director)

T. V. Subramanian  
(Head - Finance &  
Company Secretary)



**NOTES FORMING PART OF THE ABRIDGED FINANCIAL STATEMENTS**

**1 Significant Accounting Policies :**

**(a) Accounting Convention :**

The accounts have been prepared under the historical cost convention and on accrual system based on the principle of going concern.

**(b) Income & Expenditure:**

- Income from Sale of Power is recognized on the basis of meter reading recorded and confirmed by the Electricity Board authorities upto the last month meter reading of the financial year.

- Income from Sale of Entitlements from Wind Farm Projects are accounted for as and when sold.

- Income on Inter Corporate Deposits is accounted for on time accrual basis

- It is the policy of the company to provide for all income and expenses on accrual basis.

**(c) Fixed Assets**

- Fixed assets are valued at cost less depreciation.

- Land - Leasehold is amortized over the tenure of lease.

**(d) Leased Assets**

In respect of assets given on operating lease, the company has followed Accounting Standard - 19 on Leases issued under Companies (Accounting Standards) Rules.

**(e) Depreciation :**

The company depreciates its assets on straight line method at the rates and in the manner prescribed under schedule XIV of the Companies Act, 1956.

**(f) Capital Work In Progress:**

All direct expenses incurred for acquiring and erecting fixed assets are shown under capital work in progress. Any purchases made on account of capital work in progress is charged to the capital work in progress irrespective of its consumption.

**(g) Investments:**

Long term investments are carried at cost. Provision for diminution, if any, in the value of each long term investment is made to recognise a decline, other than of temporary nature.

**(h) Borrowing Costs:**

Borrowing cost relating to the acquisition / construction of fixed assets are capitalised as part of cost of such assets till such time the assets are ready for their intended use.

**(i) Retirement Benefits:**

The Company has covered its gratuity liabilities with Life Insurance Corporation of India. Any amount payable to the employee in the year of separation in excess of amount received from LIC is charged off to revenue.

- The Company has made necessary provisions as per

actuarial valuation for leave encashment and other retirement benefits wherever required as per Accounting Standard 15 under Companies (Accounting Standards) Rules.

**(j) Amortization of Miscellaneous Expenditure:**

Preliminary expenses are amortized in the year of incurrence of expenditure.

**(k) Impairment of Assets:**

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

**(l) Taxation:**

Provision for income tax for current year is made on the basis of taxable income for the year as determined as per the provisions of the Income Tax Act, 1961.

**(m) Deferred Tax:**

Deferred income tax is accounted for by computing the tax effect on timing differences which arise during the year and capable of reversal in subsequent periods.

**(n) Foreign Currency Transaction:**

The transactions in foreign currency are accounted at exchange rate prevailing on the date of transaction. Money items denominated in foreign currency outstanding at the year end are translated at the year end exchange rate and the unrealised exchange gain or loss is recognized in the profit and loss account.

2) Pursuant to the scheme of Amalgamation u/s 391 to 394 of the Companies Act, 1956, sanctioned by The Honorable High Court of Bombay on 13.04.2012, the company Avirodh Financial Services Limited (Transferor Company) stands amalgamated with the company w.e.f. 01.04.2011. Accordingly, the Assets and Liabilities of the said Transferor Company stands vested in the Company and the transaction post 1st April,2011 have been incorporated in the accounts of the Company. Consequently, the figures for the year are not comparable with those of the previous year.

With respect to amalgamation of the Transferor company Avirodh Financial Services Limited, the Company proposes to issue and allot 5561 equity shares of Rs.10/- each computed in the ratio of 1 Equity shares of Rs.10/- each of the Company for every 18 equity shares of Rs.10/- each in the Transferor Company Avirodh Financial Services Limited held by the Equity shareholders of the Transferor company on the record date. The net increase in Paid up Capital after the proposed allotment as above is represented as "Share Capital Suspense" under Share Capital in the Accounts. The difference between the consideration to the shareholders of the Transferor Company and net assets of the Transferor Company acquired is represented as Capital Reserve on Amalgamation account at Rs.9.45 lakh as per the scheme approved by Honorable High Court of Bombay.

3) **Contingent Liabilities:** Rs Nil (Prev. Year - Rs. NIL)

4) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 15.54 lakh (Prev. Year - Rs.131.07 lakh).

**5) Earnings in Foreign Exchange :**

Sale of Entitlement from Wind Power : Rs Nil (Prev. Year - Rs. 153.38 Lakh).

**Expenditure in Foreign Exchange :** Rs Nil (Prev. Year - Rs. NIL)

**6) Disclosures required under Accounting Standard 15 "Employee Benefits as per Companies (Accounting Standards) Rules 2006.**

The company has covered its gratuity liabilities with Life Insurance Corporation of India w.e.f. 01.04.2011. On follow up with LIC for statement under AS 15, the company has been informed by them that as per their system though the company would be paying the premium annually on the Annual Renewal date as per their notice, the information as per AS 15 can be obtained from their system only after the fund subsists for minimum three years.

Therefore, the disclosure required under AS 15 has not been given even though the liability has been provided for as per their Annual renewal notice.

**7) Based on Information of status of suppliers to the extent received by the company there are no Small Scale Industrial undertakings included in Sundry Creditors to whom the payments are outstanding for a period more than 45 days. Further the company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the micro, Small and Medium Enterprises Development Act, 2006) claiming their status as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is Nil.**

**8) Disclosure as per clause 32 of the Listing Agreement**

a) Loans and Advances to Subsidiary Companies

(Rs. In Lakh)		
Name of the subsidiary company	As at 31.03.2012	Maximum Balance O/s during the year
Almi Hydro Electric Projects Limited	56.78 (37.63)	56.78 (37.63)
Batot Hydro Power Limited	1,935.66 (760.59)	1,935.66 (760.59)
Joiner Hydro Power Projects Limited	46.59 (38.13)	46.59 (38.13)

b) Loans and Advances to Associate Companies

(Rs. In Lakh)		
Name of the associate company	As at 31.03.2012	Maximum Balance O/s during the year
Weizmann Energy Limited	3.90 (2.01)	7.51 (2.01)

c) Loans and Advances to Companies / Firms in which Directors are interested (Excluding Subsidiary and Associate Companies)

(Rs. In Lakh)		
Name of the company	As at 31.03.2012	Maximum Balance O/s during the year
Advitiya Power Ventures Private Limited	Nil (1.51)	2.26 (1.51)
Weizmann Limited	Nil (Nil)	Nil (37.23)
Windia Infrastructure Finance Limited	Nil (9.66)	9.66 (14.25)

d) Investment by the loanee in the shares of parent and subsidiary company

Name of the company	No. of shares held	
	31.03.2012	31.03.2011
Windia Infrastructure Finance Limited <i>In Subsidiary Company</i>	2180470	2180470
Windia Infrastructure Finance Limited (in Batot Hydro Power Ltd)	3034500	3034500
Windia Infrastructure Finance Limited (in Greenweiz Projects Ltd)	221500	221500

**9) Deferred Tax**

(Rs. In Lakh)		
Particulars	31.03.2012	31.03.2011
<b>Deferred Tax Liabilities</b>		
Difference between Book and Tax Depreciation	2,366.40	2,396.17
<b>Sub Total (a) ==&gt;</b>	<b>2,366.40</b>	<b>2,396.17</b>
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation	-	55.07
Brought Forward Business Loss	-	0.17
others	54.07	28.22
<b>Sub Total (b) ==&gt;</b>	<b>54.07</b>	<b>83.46</b>
<b>Net Deferred Tax Liability (a - b)</b>	<b>2,312.33</b>	<b>2,312.71</b>

**10) Windmills had been given on operating lease for a tenure of 8 years and lease rentals are charged on the basis of agreed rate of interest - Lease Rental receivable as of 31.03.2012 is NIL as lease was to Avirodh Financial Services Ltd which has since been Amalgamated with the Company.**

(Rs. In Lakh)		
Particulars	31.03.2012	31.03.2011
<b>Deferred Tax Liabilities</b>		
a) Receivable not later than one year	-	363.60
b) Receivable later than one year but not later than five years	-	1,452.24
c) Receivable later than five years	-	726.12

**11) Earnings per Share**

	31.03.2012	31.03.2011
A. Net Profit / (Loss) After Tax (Rs. In Lakh)	234.89	79.55
B. Weighted Average Number of Equity Shares	11569918	11564357
C. Nominal Value per Ordinary Shares	10.00	10.00
D. Basic & Diluted Earning Per Share	2.03	0.69

**12) Related Party Disclosures for the year ended 31.03.2012.**

In accordance with the "Accounting Standard 18 - Related Party Disclosure", the details are as follows:

**A. Related Party and their Relationship**

Subsidiaries	Joint Ventures	Associate
Almi Hydro Electric Projects Limited	Weizmann Energy Ltd.	Parmatma Power Projects Pvt Ltd
Baledh Energy Projects Limited		
Batot Hydro Power Limited		
Brahmanvel Energy Limited		
Greenweiz Projects Limited		
Joiner Hydro Power Projects Limited		
Khandesh Energy Projects Limited		
Vajharpada Energy Limited		
Key Management Personnel	Mr. Ganesh N. Kamath Managing Director	

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**B. Transactions with the related Parties (including transactions which are more than 10% of the total transactions of the same type with related parties)**

(Rs in Lakh)

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Total
<b>INCOME / RECEIPTS</b>				
<b>Interest</b>	<b>138.03</b>	<b>0.44</b>	<b>-</b>	<b>138.47</b>
	(3.16)	(0.01)	-	(3.17)
Almi Hydro Electric Projects Limited	4.45	-	-	4.45
	(0.14)	-	-	(0.14)
Batot Hydro Power Limited	129.35	-	-	129.35
	(2.88)	-	-	(2.88)
Joiner Hydro Power Projects Limited	4.23	-	-	4.23
	(0.14)	-	-	(0.14)
Weizmann Energy Limited	-	0.44	-	0.44
	-	(0.01)	-	(0.01)
<b>EXPENDITURE / PAYMENTS</b>				
<b>Interest</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>0.10</b>
	(-)	-	-	(-)
Greenweiz Projects Limited	0.10	-	-	0.10
	(-)	-	-	(-)
<b>Operation &amp; Maintenance Expenses</b>	<b>1,122.45</b>	<b>-</b>	<b>-</b>	<b>1,122.45</b>
	(64.36)	-	-	(64.36)
Greenweiz Projects Limited	1,122.45	-	-	1,122.45
	(64.36)	-	-	(64.36)
<b>Remuneration</b>	<b>-</b>	<b>-</b>	<b>18.64</b>	<b>18.64</b>
	-	-	(5.86)	(5.86)
G. N. Kamath	-	-	18.64	18.64
	-	-	(5.86)	(5.86)

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Total
<b>FINANCE</b>				
<b>Loans Given</b>	<b>2,959.68</b>	<b>9.40</b>	<b>-</b>	<b>2,969.08</b>
	(836.35)	(2.01)	-	(838.36)
Almi Hydro Electric Projects Limited	19.15	-	-	19.15
	(37.63)	-	-	(37.63)
Batot Hydro Power Limited	2,932.07	-	-	2,932.07
	(760.59)	-	-	(760.59)
Joiner Hydro Power Projects Limited	8.46	-	-	8.46
	(38.13)	-	-	(38.13)
Weizmann Energy Limited	-	9.40	-	9.40
	-	(2.01)	-	(2.01)
<b>Subscription to Equity</b>	<b>-</b>	<b>10.00</b>	<b>-</b>	<b>10.00</b>
	-	(45.00)	-	(45.00)
Weizmann Energy Limited	-	10.00	-	10.00
	-	(45.00)	-	(45.00)
<b>Purchase of Fixed Assets</b>	<b>103.81</b>	<b>-</b>	<b>-</b>	<b>103.81</b>
	(-)	-	-	(-)
Greenweiz Projects Limited	103.81	-	-	103.81
	(-)	-	-	(-)
<b>Advances Given</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	(78.00)	-	-	(78.00)
Greenweiz Projects Limited	-	-	-	-
	(78.00)	-	-	(78.00)

(Rs in Lakh)

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Total
<b>OUTSTANDINGS</b>				
<b>Other Current Assets</b>	<b>49.11</b>	<b>-</b>	<b>-</b>	<b>49.11</b>
	(22.30)	-	-	(22.30)
Almi Hydro Electric Projects Limited	3.75	-	-	3.75
	(2.05)	-	-	(2.05)
Baledh Energy Projects Limited	0.59	-	-	0.59
	(0.18)	-	-	(0.18)
Batot Hydro Power Limited	27.02	-	-	27.02
	(13.45)	-	-	(13.45)
Brahmanvel Energy Limited	9.87	-	-	9.87
	(3.42)	-	-	(3.42)
Joiner Hydro Power Projects Limited	3.75	-	-	3.75
	(2.05)	-	-	(2.05)
Khandesh Energy Projects Limited	3.69	-	-	3.69
	(1.15)	-	-	(1.15)
Vajharpada Energy Limited	0.44	-	-	0.44
	-	-	-	0.00
<b>Creditors</b>	<b>35.98</b>	<b>-</b>	<b>-</b>	<b>35.98</b>
	(1.38)	-	-	(1.38)
Greenweiz Projects Limited	35.98	-	-	35.98
	(1.38)	-	-	(1.38)
<b>Loans &amp; Advances</b>	<b>2,073.55</b>	<b>3.90</b>	<b>-</b>	<b>2,077.45</b>
	(904.38)	(2.01)	-	(906.39)
Almi Hydro Electric Projects Limited	56.78	-	-	56.78
	(37.63)	-	-	(37.63)
Batot Hydro Power Limited	1,935.66	-	-	1,935.66
	(760.59)	-	-	(760.59)
Joiner Hydro Power Projects Limited	46.59	-	-	46.59
	(38.13)	-	-	(38.13)
Weizmann Energy Limited	-	3.90	-	3.90
	-	(2.01)	-	(2.01)
Greenweiz Projects Limited	34.52	-	-	34.52
	(68.03)	-	-	(68.03)

### 13) Joint Venture Disclosure

Jointly Controlled entity by the Company.

Name of the Company	Country of Incorporation	% of Holding
Weizmann Energy Limited	India	50%

Interests in Assets, Liabilities, Income and Expenses with respect to Jointly Controlled Entity

(Rs in Lakh)

Particulars	31.03.2012	31.03.2011
<b>ASSETS</b>		
Fixed Assets	55.78	46.01
Investments	-	-
Current Assets, Loans & Advances	1.87	1.72
Sundry Debtors	-	-
Cash and Bank Balances	1.01	1.67
Loans and Advances	0.86	0.05
Miscellaneous Expenditure	-	-
<b>LIABILITIES</b>		
Loan Funds	2.18	2.19
Long Term Borrowings	-	-
Short Term Borrowings	2.18	2.19
Current Liabilities and Provisions	0.36	0.13
Trade Payable	0.27	-
Other Current Liabilities	0.09	-
Provisions	-	0.13
Deferred Tax	-	-
<b>INCOME</b>		
Sales and Operating Income	-	-
Other Income	-	-
<b>EXPENSES</b>		
Operating Expenses	-	0.98
Finance Charges	-	-
Depreciation	0.17	0.20
Other Expenses	0.12	0.01
Preliminary Expenses written off	-	-
Provision for Taxation	-	-

14) In respect of balances of Sundry Creditors / Debtors, Loans and Advances, Banks and Unsecured Loans / Inter Corporate Deposits confirmations were not received by the Company in few cases. In the opinion of management the balances as appearing in the books are fully payable / realisable, as the case may be, in the normal course of business.

**15) Segment Information**

The Primary Business activity of the Company is that of Generation of Power from Renewable Sources and hence there being only one reportable segment, segment reporting has not been furnished.

16) Previous year figures have been regrouped and / or reclassified wherever necessary to correspond with current year's classification / disclosure in consonance with the revised schedule VI of the Companies Act, 1956.

Signatures to the Notes forming part of the **Abridged Balance Sheet as at 31.03.2012** and **Abridged Profit & Loss Account for the year ended 31.03.2012**.

As per our Report of even date attached

For U. B. Sura & Co.  
Chartered Accountants

For Shyam C. Agarwal & Co.  
Chartered Accountants

For and on behalf of the Board

D. G. Siraj  
(Chairman)

U. B. Sura  
Proprietor  
Membership No. 32026  
FR No. 110620W  
Place : Mumbai  
Date : 13.08.2012

Shyam C. Agarwal  
Proprietor  
Membership No. 31774  
FR No. 110243W  
Place : Mumbai  
Date : 13.08.2012

G. N. Kamath  
(Managing Director)

T. V. Subramanian  
(Head - Finance &  
Company Secretary)



Financial Particulars of Subsidiary Companies for Financial Year 2011-2012 requiring disclosure as per terms of exemption from attachment of Annual Accounts of the Subsidiaries granted by the Ministry of Corporate Affairs as per their circular

(Rs. in Lakh)

Particulars	Paid-up Share Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover / Total Income	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
Almi Hydro Electric Projects Ltd	5.00	-	69.10	69.10	-	0.22	(0.31)	-	(0.31)	-
Baledh Energy Projects Ltd	5.00	-	50.16	50.16	-	-	(0.76)	-	(0.76)	-
Batot Hydro Power Ltd	1,000.00	-	4,456.27	4,456.27	-	0.06	(7.62)	-	(7.62)	-
Brahmanvel Energy Ltd	5.00	6.73	108.10	108.10	-	-	(1.17)	-	(1.17)	-
Joiner Hydro Power Projects Ltd	5.00	-	61.47	61.47	-	0.23	(0.26)	-	(0.26)	-
Khandesh Energy Projects Ltd	5.00	4.76	58.16	58.16	-	-	(1.16)	-	(1.16)	-
Greenweiz Projects Ltd	495.00	246.93	846.74	846.74	497.11	281.79	32.47	14.08	18.39	-
Vajharpada Energy Ltd	5.00	-	14.29	14.29	-	-	(0.53)	-	(0.53)	-

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF KARMA ENERGY LTD. ON THE  
ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS OF  
KARMA ENERGY LIMITED.**

We have examined the attached abridged Consolidated Balance Sheet of Karma Energy Limited ('the Company') and its subsidiaries (together referred to as the Group) as at March 31, 2012, the related abridged consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date annexed thereto, together with the notes thereon. These abridged consolidated financial statements have been prepared by the Company, to the extent possible, on the basis of Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

These abridged consolidated financial statements are based on the consolidated financial statements of the Group for the year ended March 31, 2012, prepared on the basis of separate financial statements of constituents of the Group i.e. subsidiaries and Joint Venture of the company, in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements, Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements AS-27, – Financial Reporting of interests in Joint Ventures issued under the Companies (Accounting Standards) Rules 2006 and is covered by our report of even date to the Board of Directors of the Company which report is attached herewith.

We have relied on the financial statements of certain subsidiaries and joint venture whose financial statement reflect total net assets of Rs.187.31 Lakh as at March 31, 2012, total revenue of Rs.0.45 Lakh for the year ended March 31, 2012, which have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

**For Shyam C. Agarwal & Co.**  
Chartered Accountants  
FR No. 110243W

**Shyam C. Agarwal**  
Proprietor  
Membership No. 31774

**Place: Mumbai**  
**Dated: 13th August, 2012**

**For U.B. Sura & Co.,**  
Chartered Accountants  
FR No. 110620W

**U.B. Sura**  
Proprietor  
Membership No: 32026

**ABRIDGED CONSOLIDATED BALANCE SHEET AS AT 31.03.2012**

Particulars	(Rs. In Lakh)	
	As At 31.03.2012	As At 31.03.2011
<b>I EQUITY AND LIABILITIES</b>		
<b>1) Shareholders' Funds</b>		
(a) Paid-up Share Capital		
Equity	1,156.44	1,156.44
Preference	-	-
Share Capital - Suspense	0.56	-
(b) Reserves and Surplus		
Capital Reserve (including Revaluation Reserve, if any)	76.96	67.51
Revenue Reserves	(101.81)	(1.75)
Surplus	3,074.95	3,074.95
Group Share in Joint Venture	(0.29)	(2.10)
(c) Money received against share warrants	-	-
	<b>4,206.81</b>	<b>4,295.05</b>
<b>(2) Share application money pending allotment</b>	-	-
<b>(3) Minority Interest</b>	623.68	617.98
<b>(4) Non-Current Liabilities</b>		
(a) Long term borrowings	7,101.86	4,415.95
(b) Deferred tax liabilities (Net)	2,302.63	2,311.17
(c) Other Long term Liabilities	-	-
(d) Long term Provisions	76.98	67.20
<b>(5) Current Liabilities</b>		
(a) Short-term borrowings	797.80	2,012.16
(b) Trade payables	100.99	1,182.25
(c) Other current liabilities	1,520.22	1,366.69
(d) Short-term provisions	292.38	113.78
<b>Total of (1) to (5)</b>	<b>17,023.34</b>	<b>16,382.24</b>
<b>II ASSETS</b>		
<b>(6) Non-current assets</b>		
(a) Fixed Assets		
Tangible assets	7,616.42	7,946.84
Intangible assets	2,191.68	2,191.68
Capital work in-progress	4,337.36	3,614.47
Intangible assets under development	-	-
Fixed Assets held for sale	-	-
(b) Non-current investments	320.42	318.11
(c) Deferred tax assets (Net)	-	-
(d) Long-term loans and advances	81.46	127.10
(e) Other non-current assets	203.65	201.99
<b>(7) Current assets</b>		
(a) Current investments	-	-
(b) Inventories	317.22	322.29
(c) Trade receivables	1,198.07	1,254.53
(d) Cash and cash equivalents	199.33	70.27
(e) Short-term loans and advances	226.50	334.42
(f) Other current assets	331.23	0.54
<b>Total of (6) to (7)</b>	<b>17,023.34</b>	<b>16,382.24</b>

See accompanying notes to the financial statements  
As per our report of even date attached

For U. B. Sura & Co.  
Chartered Accountants

U. B. Sura  
Proprietor  
Membership No. 32026  
FR No. 110620W  
Place : Mumbai  
Date : 13.08.2012

For Shyam C. Agarwal & Co.  
Chartered Accountants

Shyam C. Agarwal  
Proprietor  
Membership No. 31774  
FR No. 110243W  
Place : Mumbai  
Date : 13.08.2012

For and on behalf of the Board

D. G. Siraj  
(Chairman)

G. N. Kamath  
(Managing Director)

T. V. Subramanian  
(Head - Finance &  
Company Secretary)



**ABRIDGED STATEMENT OF CONSOLIDATED PROFIT & LOSS FOR THE YEAR ENDED 31.03.2012**

Particulars	Year Ended 31.03.2012	(Rs. In Lakh) Year Ended 31.03.2011
<b>I Income</b>		
Revenue from Operations		
I Sale of Products Manufactured	2,399.61	1,407.78
II Sale of Goods Traded	-	-
III Revenue from Services Provided	108.60	109.17
IV Other Operational Revenue	181.14	197.38
Less : Excise Duty	-	-
<b>Net Revenue from Operations</b>	<b>2,689.35</b>	<b>1,714.33</b>
<b>II Other Income</b>		
a Revenue from Interest	18.70	223.44
b Revenue from Other Financial Services	293.83	3.34
	<b>312.53</b>	<b>226.78</b>
<b>III Total Income (I + II)</b>	<b>3,001.88</b>	<b>1,941.11</b>
<b>IV Expenditure</b>		
(a) Cost of materials consumed	-	-
(b) Purchases of stock-in-trade	58.58	35.28
(c) Changes in inventories	(19.54)	(30.96)
(d) Operating & Maintenance Cost	455.41	270.46
(e) Employee benefits expense	283.11	162.76
(f) Finance costs	958.46	437.53
(g) Depreciation and amortization expense	800.88	781.27
(h) Other expenses	247.65	234.64
<b>Total Expenditure (a) to (h)</b>	<b>2,784.56</b>	<b>1,890.98</b>
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>	<b>217.32</b>	<b>50.13</b>
<b>VI Exceptional Items</b>	-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>	<b>217.32</b>	<b>50.13</b>
<b>VIII Extraordinary Items</b>	-	-
<b>IX Profit before tax (VII - VIII)</b>	<b>217.32</b>	<b>50.13</b>
<b>X Tax Expense</b>		
(1) Current tax	197.24	32.97
(2) Deferred tax	(8.54)	(34.40)
(3) MAT Credit entitlement	(14.09)	-
<b>XI Profit / (Loss) for the year from continuing operations (IX - X)</b>	<b>42.72</b>	<b>51.56</b>
<b>XII Profit / (Loss) from discontinuing operations</b>	-	-
<b>XIII Tax Expense of discontinuing operations</b>	-	-
<b>XIV Profit / (Loss) from discontinuing operations (after tax) (XII - XIII)</b>	-	-
<b>XV Profit / (Loss) for the year before Minority Interest &amp; Share of Associate</b>	<b>42.72</b>	<b>51.56</b>
Minority interest	5.69	(6.66)
Share in Associates	(0.10)	-
<b>Profit / (Loss) for the year</b>	<b>36.93</b>	<b>58.22</b>
<b>XVI Earnings per equity share:</b>		
1. Basic	0.37	0.45
2. Diluted	0.37	0.45

See accompanying notes to the financial statements  
As per our report of even date attached

For U. B. Sura & Co.  
Chartered Accountants

U. B. Sura  
Proprietor  
Membership No. 32026  
FR No. 110620W  
Place : Mumbai  
Date : 13.08.2012

For Shyam C. Agarwal & Co.  
Chartered Accountants

Shyam C. Agarwal  
Proprietor  
Membership No. 31774  
FR No. 110243W  
Place : Mumbai  
Date : 13.08.2012

For and on behalf of the Board

D. G. Siraj  
(Chairman)

G. N. Kamath  
(Managing Director)

T. V. Subramanian  
(Head - Finance &  
Company Secretary)

## ABRIDGED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

Particulars	Year Ended 31.03.2012	(Rs. In Lakh)
Cash Flow from Operating Activities		115.92
Cash Flow from Investing Activities		(1,194.00)
Cash Flow from Financing Activities		1,341.76
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>263.68</b>
Cash and Cash Equivalent at the Beginning of the year	(167.95)	
Add on Amalgamation	5.72	
	(162.23)	
<b>Cash and Cash Equivalent at the End of the year</b>	<b>101.45</b>	<b>263.68</b>
(a) Cash on Hand	2.59	
(b) Balances with banks		
in current accounts	98.86	
	<b>101.45</b>	

As per our report of even date attached

For U. B. Sura & Co.  
Chartered Accountants

U. B. Sura  
Proprietor  
Membership No. 32026  
FR No. 110620W  
Place : Mumbai  
Date : 13.08.2012

For Shyam C. Agarwal & Co.  
Chartered Accountants

Shyam C. Agarwal  
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Company Secretary)

**NOTES FORMING PART OF THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENTS**

**1 Significant Accounting Policies :**

**(a) Basis of Preparation:**

The consolidated financial statements relate to Karma Energy Limited and its subsidiary Companies has been prepared under the historical cost convention and comply with accounting standards in all material respects.

**(b) Basis of Consolidation:**

i The consolidated financial statements are prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard (AS-21) "Consolidated Financial Statements", Accounting Standard 23 (AS-23) "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS-27) "Financial Reporting of Interests in Joint Ventures" under Companies (Accounting Standards) Rules.

ii As far as possible consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as holding company's separate financial statement except as provided under para f(iv). The impact thereof on accounts is not material.

**(c) Income**

i Income from Sale of Power is recognized on the basis of meter reading recorded and confirmed by the Electricity Board authorities upto the last month of the financial year.

ii Interest Income is accounted for on time accrual basis.

**(d) Expenditure**

It is the policy of the Company to provide for all expenses on accrual basis.

**(e) Fixed Assets**

Fixed Assets are stated at cost of acquisition including finance cost during the construction period and other directly attributable costs to bring the assets to its working condition for its intended use.

**(f) Depreciation**

i Depreciation on assets is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

ii Land - Leasehold is amortized over the tenure of lease.

iii Capital Work-in-Progress - All direct expenses incurred for acquiring and erecting fixed assets including interest on borrowed funds are shown under capital work-in-progress.

iv The depreciation of fixed assets of a subsidiary company is provided for on WDV method at the rates specified in Schedule XIV of the Companies Act 1956.

**(g) Investments**

Long term investments are carried at cost. Provision for diminution, if any, in the value of each long term investment is made to recognise a decline, other than of temporary nature.

**(h) Inventories**

Inventories held by the Company are valued at lower of cost or net realisable value.

**(i) Amortization of Miscellaneous Expenditure:**

The preliminary expenses incurred is charged to revenue in the year of incurrence itself in accordance with Accounting Standard 26 under Companies (Accounting Standards) Rules on Intangible Assets.

**(j) Employee Benefits**

The Company has covered its gratuity liabilities with Life Insurance Corporation of India. Any amount payable to the employee in the year of separation in excess of amount received from LIC is charged off to revenue.

The Company has made necessary provisions as per actuarial valuation for leave encashment and other retirement benefits wherever required as per Accounting Standard 15 under Companies (Accounting Standards) Rules.

**(k) Taxation**

Provision for current income tax is made on the basis of taxable income for the year as determined as per the provisions of the Income Tax Act, 1961.

Deferred income tax is accounted for by computing the tax effect on timing differences which arise during the year and capable of reversal in subsequent periods.

**(l) Foreign Currency Transaction:**

The transactions in foreign currency are accounted at exchange rate prevailing on the date of transaction. Money items denominated in foreign currency outstanding at the year end are translated at the year end exchange rate and the unrealised exchange gain or loss is recognized in the profit and loss account.

**2** Pursuant to the scheme of Amalgamation u/s 391 to 394 of the Companies Act, 1956, sanctioned by The Honorable High Court of Bombay on 13.04.2012, the company Avirodh Financial Services Limited (Transferor Company) stands amalgamated with the company w.e.f. 01.04.2011 .

Accordingly, the Assets and Liabilities of the said Transferor Company stands vested in the Company and the transaction post 1st April,2011 have been incorporated in the accounts of the Company. Consequently, the figures for the year are not comparable with those of the previous year.

With respect to amalgamation of the Transferor company Avirodh Financial Services Limited, the Company proposes to issue and allot 5561 equity shares of Rs.10/- each computed in the ratio of 1 Equity shares of Rs.10/- each of the Company for every 18 equity shares of Rs.10/- each in the Transferor Company Avirodh Financial Services Limited held by the Equity shareholders of the Transferor company on the record date. The net increase in Paid up Capital after the proposed allotment as above is represented as "Share Capital Suspense" under Share Capital in the Accounts. The difference between the consideration to the

shareholders of the Transferor Company and net assets of the Transferor Company acquired is represented as Capital Reserve on Amalgamation account at Rs.9.45 lakh as per the scheme approved by Honorable High Court of Bombay.

- 3 Disclosures required under Accounting Standard 15 "Employee Benefits as per Companies (Accounting Standards) Rules 2006 The company has covered its gratuity liabilities with Life Insurance Corporation of India w.e.f. 01.04.2011. On follow up with LIC for statement under AS 15, the company has been informed by them that as per their system though the company would be paying the premium annually on the Annual Renewal date as per their notice, the information as per AS 15 can be obtained from their system only after the fund subsists for minimum three years. Therefore, the disclosure required under AS 15 has not been given even though the liability has been provided for as per their Annual renewal notice.

(Rs in Lakh)

31.03.2012 31.03.2011

4	<b>Contingent Liabilities</b>	24.25	12.00
5	(a) <b>Earnings in Foreign Exchange</b>		
	Sale of Entitlement from Wind Power	-	153.38
	(b) <b>Expenditure in Foreign Exchange</b>	-	-

- 6 Estimated amount of contracts remaining to be executed on capital account not provided for [Net of Advances] Rs 42.26 Lakh [Previous Year Rs.322.50 Lakh]

- 7 Windmills have been given on operating lease for a tenure of 8 years and lease rentals are charged on the basis of agreed rate of interest - Lease Rental receivable as of 31.03.2012 is NIL as lease was to Avirodh Financial Services Ltd which has since been Amalgamated with the Company

(Rs. in Lakh)

Particulars	31.03.2012	31.03.2011
i) Receivable not later than one year	-	363.06
ii) Receivable later than one year but not later than five years	-	1,452.24
iii) Receivable later than five years	-	726.12

#### 8 Investment in Subsidiaries

The subsidiaries [which along with Karma Energy Limited, the parent, constitute the Group] considered in the presentation of these consolidated financial statements are

Sr. No.	Name of the Entity	Country of Incorporation	% of Holding
1	Almi Hydro Electric Projects Limited	India	100.00
2	Baledh Energy Projects Limited	India	100.00
3	Batot Hydro Power Limited	India	69.66
4	Brahmanvel Energy Limited	India	100.00
5	Greenweiz Projects Limited	India	55.21
6	Joiner Hydro Power Projects Limited	India	100.00
7	Khandesh Energy Projects Limited	India	100.00
8	Vajharpada Energy Limited	India	55.21

Key Management Personnel - Mr. Ganesh N. Kamath  
Managing Director of Holding Company

#### Interest in Associates

The Group's associates are

Sr. No.	Name of the Entity	Country of Incorporation	% of Holding
1	Parmatma Power Projects Private Limited	India	50.00

#### Carrying cost of Investment in Associates

Sr. No.	Particulars	Parmatma Power Projects Pvt. Ltd.	
		31.03.2012	31.03.2011
1	No of Equity shares held	5000	Nil
2	% of holding	50.00%	Nil
3	Cost of Investment	0.53	Nil
4	Goodwill / (Capital Reserve) included in cost of Investment	0.19	Nil
5	Share in accumulated profit / (losses)	(0.10)	Nil
6	Share of increase in reserve during the year	-	Nil
7	Carrying cost	0.43	Nil

#### Interest in Joint Ventures

The Group's interests in jointly controlled entity of the Group is

Sr. No.	Name of the Entity	Country of Incorporation	% of Holding
1	Weizmann Energy Limited	India	50.00

#### 9 Deferred Tax

The breakup of Net Deferred Tax Liability as on 31.03.2012 is as under:-

(Rs. in Lakh)

Particulars	31.03.2012	31.03.2011
<b>Deferred Tax Liabilities</b>		
Difference between Book and Tax Depreciation	2,366.40	2,418.06
<b>Sub Total (a) ==&gt;</b>	<b>2,366.40</b>	<b>2,418.06</b>
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation	-	19.62
Brought Forward Business Loss	-	0.17
Others	54.07	37.73
<b>Sub Total (b) ==&gt;</b>	<b>54.07</b>	<b>57.52</b>
<b>Net Deferred Tax Liability (a - b)</b>	<b>2,312.33</b>	<b>2,360.54</b>

#### 10 Earnings Per Share

(Rs. in Lakh)

	31.03.2012	31.03.2011
Profit After Tax	42.72	51.56
Weighted Average number of Equity Shares	11569918	11564357
The Nominal Value Per Ordinary Share	10.00	10.00
Earnings Per Share (Basic & Diluted)	0.37	0.45

#### 11 Related Party Disclosures for the year ended 31.03.2012

In accordance with the "Accounting Standard 18 – Related Party Disclosure" as per Companies (Accounting Standards) Rules, the Company has compiled and certified the required information as stated below:

##### A Related Party and their Relationship

Key Management Personnel

Mr. Ganesh N. Kamath - Managing Director

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B Transactions with the related Parties (including transactions which are more than 10% of the total transactions of the same type with related parties)

(Rs. in Lakh)

Nature of Transaction	Key Management Personnel	
	31.03.2012	31.03.2011
<b>Remuneration</b>	<b>18.64</b>	<b>5.86</b>
G. N. Kamath	18.64	5.86

### 12 Segment Information

The Primary Business activity of the Company is that of Generation of Power from Renewable Energy Sources and hence there being only one reportable segment, segment reporting has not been furnished.

13 Previous year figures have been regrouped and / or reclassified wherever necessary to correspond with current year's classification / disclosure in consonance with the revised schedule VI of the Companies Act, 1956.

Signatures to the Notes forming part of the **Abridged Consolidated Balance Sheet as at 31.03.2012** and the **Abridged Consolidated Profit & Loss Account** for the year ended **31.03.2012**.  
As per our Report of even date attached

For U. B. Sura & Co.  
Chartered Accountants

For Shyam C. Agarwal & Co.  
Chartered Accountants

For and on behalf of the Board

D. G. Siraj  
(Chairman)

U. B. Sura  
Proprietor  
Membership No. 32026  
FR No. 110620W  
Place : Mumbai  
Date : 13.08.2012

Shyam C. Agarwal  
Proprietor  
Membership No. 31774  
FR No. 110243W  
Place : Mumbai  
Date : 13.08.2012

G. N. Kamath  
(Managing Director)

T. V. Subramanian  
(Head - Finance &  
Company Secretary)





Registered Office: Empire House, 214, Dr. D.N. Road, Ent. A.K. Nayak Marg, Fort, Mumbai- 400 001.

### ATTENDANCE SLIP

I, hereby record my presence at the 5<sup>th</sup> ANNUAL GENERAL MEETING of KARMA ENERGY LTD. held at Textile Committee Auditorium, P. Balu Road, Off. Veer Savarkar Marg, Prabhadevi Chowk, Prabhadevi, Mumbai – 400 025., at 2.30 p.m. on Wednesday, 26th September, 2012.

_____	_____
Full Name of the Shareholder (in block letters)	Signature of Shareholder
_____	_____
Folio No./DP-ID & Client ID No.	No. of shares held
_____	_____
Full Name of Proxy (in block letters)	Signature of Proxy

**Note :** Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.



Registered Office: Empire House, 214, Dr. D.N. Road, Ent. A.K. Nayak Marg, Fort, Mumbai- 400 001.

REGD. FOLIO NO. \_\_\_\_\_

DPID.\* \_\_\_\_\_

Client ID.\* \_\_\_\_\_

NO. OF SHARES HELD : \_\_\_\_\_

### PROXY FORM

I/We, \_\_\_\_\_ of \_\_\_\_\_

being a member/members of above named Company. hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ as my / our proxy to vote for me / us and on my / our behalf at

the 5<sup>th</sup> ANNUAL GENERAL MEETING of KARMA ENERGY LTD. to be held on Wednesday, 26th September, 2012. at 2.30 p.m. and at any adjournment thereof.

*Affix  
Re. 1  
Revenue  
Stamp*

Signed this \_\_\_\_ day of \_\_\_\_\_ 2012

\_\_\_\_\_  
**Signature of Shareholder(s)**

\*Applicable for investors holding shares in electronic form

**Note :** The Proxy form must be deposited at the Registered Office of the Company at Empire House 214, Dr. D. N. Road, Ent., A.K. Nayak Marg, Fort, Mumbai - 400 001 not later than 48 hours before the time of holding the meeting. The Proxy need not be a member of the Company.

**BOOK-POST**

*If Undelivered please return to:*

**KARMA ENERGY LIMITED**  
Empire House (Basement),  
214, Dr. D. N. Road,  
Ent. A. K. Nayak Marg, Fort,  
Mumbai - 400 001.

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