

AUDITORS' REPORT

TO THE MEMBERS OF GMR LONDA HYDRO POWER PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **GMR LONDA HYDRO POWER PRIVATE LIMITED** ('the Company') as at 31st March 2011 and the Profit and Loss account and Cash Flow Statement, annexed thereto for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account, as required by law have been kept by the company, so far as appears from our examination of the books.
 - iii. The said Balance Sheet, the Profit & Loss Account & the cash flow statement dealt by this report are in agreement with books of account.
 - iv. In our opinion, the Balance Sheet, the Profit & Loss Account & the cash flow statement comply with the mandatory Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956, and
 - v. On the basis of written representations received from the directors as at 31st March 2011 and taken on record by the board of directors, we report that none of the directors is disqualified as at 31st March 2011

**GIRISH
MURTHY & KUMAR**
Chartered Accountants

from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956.

- vi. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, together with and subject to notes annexed thereto, give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. In the case of Balance Sheet of the state of affairs of the company as at 31st March 2011; and
 - b. In the case of the Profit & Loss Account, of the loss incurred during the Period ended on that date
 - c. In case of the Cash Flow Statement, of the cash flows for the year ended on that date

PLACE : BANGALORE

FOR GIRISH MURTHY & KUMAR
Firm Registration Number : 0009345
Chartered Accountant

DATE : 6th May, 2011

(A.V SATISH KUMAR)
Partner.
M.No : 026526

ANNEXURE TO THE AUDITORS' REPORT

As required by the Companies (Auditors report) order, 2003 issued by the company law board, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of our audit, we report that: -

- i) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- ii) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion is reasonable having regard to the size of the company and nature of business. Pursuant to the programme, the management has physically verified the fixed assets during last financial year and there were no material discrepancies between the book records and the physical inventory. No substantial parts of the Fixed Assets have been disposed during the year.
- iii) The company has not commenced its operations and therefore had no stocks of finished goods, stores, spare parts and raw materials during/ at the end of the year.
- iv) The company has not taken loans from companies listed in the register maintained under section 301 of the Companies Act, 1956.
- v) The company has not granted any loans, secured or unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the companies act 1956.
- vi) The company is yet to commence its operations and has not purchased raw materials or components during the year. In our opinion, for the purchase of assets there is an adequate internal control procedure commensurate with the size of the company and the nature of its business. Further we have not noticed any evidence of persisting failures to correct major weakness in internal control.
- vii) In our opinion and according to the information and explanations given to us the company has entered into any contract falling under Section 297 and particulars of transaction have been entered in the Register in pursuance of section 301 of the act. Further in respect of such contracts exceeding Rs five lakh in respect of every party, transactions were made at prevailing market prices at the relevant time.(Transaction with consulting)
- viii) The company has not accepted deposits from the public during the year to which the provisions of section 58A and 58AA of the companies Act, 1956 and the rules framed there under are applicable.
- ix) In our opinion, the company's present Internal Audit system is commensurate with the size and nature of its business.

**GIRISH
MURTHY & KUMAR**
Chartered Accountants

- x) The central government has not prescribed the maintenance of cost records by the companies under section 209(i)(d) of the companies act, 1956.
- xi) According to the information and explanations given to us and the records of the company examined by us, in our opinion the Company is generally regular in payment of undisputed statutory dues including income tax, Provident fund, employees state insurance, cess and other material statutory dues as applicable with appropriate authorities. We are informed by the company that the provisions of investor education and protection fund, sales tax, excise, customs, Service tax are not applicable
- xii) According to the information and explanations given to us and the records of the company examined by us there are no undisputed/disputed amounts payable in respect of income tax, Provident fund, employees state insurance, cess as at 31st march 2011, which are outstanding for a period of more the than six months from the date they become payable.
- xiii) The company has not granted any loans/advances on the basis of security by way of shares, debenture etc. As such no records and documents have been maintained.
- xiv) The Company is having any accumulated losses of Rs 27,19,715/-as at March 31,2011 and the company has incurred a cash loss of Rs 5,03,996/- during this year and incurred a cash loss of Rs 22,15,719/-in the preceding financial year.
- xv) According to the records of the company examined by us and information and explanations given to us, the company has not defaulted in repayment of any dues to any financial institutions or bank as the balance sheet date.
- xvi) In our opinion and according to the information and explanations given to us. And on overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xviii) In our opinion, the company is not dealing or trading in shares, debentures and other investments and as such no records have been maintained.
- xix) We have been informed by the company that it has not given any guarantee for any loans taken by the others from banks and financial institutions.
- xx) In our opinion, and on the basis of our examination and according to the information and explanations given to us, on an overall examination of the balance sheet of the Company, we report that during the year, prima facie, the Company has not used funds raised on short- term basis for long-term investment. .

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MURTHY & KUMAR**
Chartered Accountants

- xxi) No Preferential allotment of shares is made by the company to parties and companies covered in the registers maintained under section 301 of the act.
- xxii) The company has not issued any debentures and therefore no securities have been created.
- xxiii) During the course of examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have not come across any instance of fraud on or by the company during the year.
- xxiv) The company is not covered under special statutory provisions applicable to the chit fund, Nidhi or mutual benefit societies.
- xxv) According to the information and explanations given to us and based on such examination, we are of the opinion that other provisions of the Companies (Auditors' report Order) 2003 are not applicable for the year covered under this report.

PLACE : BANGALORE

FOR GIRISH MURTHY & KUMAR
Firm Registration Number : 000934S
Chartered Accountant

DATE : 6th May,2011

(A.V SATISH KUMAR)
Partner.
M.No : 026526

GMR Londa Hydro Power Private Limited
Balance Sheet as at 31st March 2011

(Amount in Rupees)

	Sch. Ref	31st March 2011		31st March 2010	
I. Sources of Funds:					
1. Shareholders' Funds	1		100,000		100,000
Capital					
2. Share Application Money Pending Allotment			464,000,000		406,500,000
Total			464,100,000		406,600,000
II. Application of Funds:					
1. Fixed Assets	2				
a) Gross Block		341,773		326,773	
b) Less : Depreciation		40,165		20,190	
c) Net Block			301,608		306,583
d) Capital Work in Progress (including capital advances)	3		496,840,004		405,904,317
2. Current Assets, Loans and Advances					
a) Cash and Bank Balances	4	569,778		543,849	
b) Loans and Advances	5	1,454,676		1,874,133	
		2,024,455		2,417,982	
Less : Current Liabilities and Provisions					
a) Liabilities	6	37,187,109		3,428,851	
b) Provisions	6	598,673		815,751	
		37,785,781		4,244,602	
Net Current Assets			(35,761,327)		(1,826,620)
3. Profit and Loss Account			2,719,715		2,215,720
Total			464,100,000		406,600,000

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

This is the Balance Sheet subject to limited review

For and on behalf of the Board

A V Satish Kumar
 Partner
 For and on behalf of
 Girish Murthy & Kumar
 Chartered Accountants
 Membership Number : 26526

G.Subba Rao Vinod Kumar Sharma
 Director Director

Place: Bangalore
 Date : 6th May, 2011

Place: Bangalore
 Date : 6th May, 2011

GMR Londa Hydro Power Private Limited
Profit and Loss Account for the Year ended 31st March 2011

(Amount in Rupees)

	Sch.	31st March 2011	31st March 2010
I. Income			
Sales		-	-
Other Income		-	-
		-	-
II. Expenditure			
Administration expenses	7	503,996	2,215,719
Interest and Finance Charges		-	-
Depreciation		-	-
		503,996	2,215,719
III. Profit/(Loss) Before Taxation		(503,996)	(2,215,719)
Provision for Taxation			
- Current			
- Deferred			
Profit/(Loss) After Taxation as per audited statement of			
IV. accounts		(503,996)	(2,215,719)
Surplus/(Defecit) brought froward from Previous year		2,215,719	
V. Available for Appropriation		2,719,715	(2,215,719)
VI. Available surplus carried to Balance Sheet		2,719,715	(2,215,719)
Earning per share(Per Equity share of Rs. 10 Each)			
Earning per Share -Basic		(50.40)	(221.57)

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

This is the Profit and Loss Account subject to
limitd review

For and on behalf of the Board

A V Satish Kumar
Partner
For and on behalf of
Girish Murthy & Kumar
Chartered Accountants
Membershim Number : 26526
Place: Bangalore
Date : 6th May, 2011

G.Subba Rao Vinod Kumar Sharma
Director Director

Place: Bangalore
Date : 6th May, 2011

GMR Londa Hydro Power Private Limited
Cash flow statement for the Year ended 31st March 2011

(Amount in Rupees)

Particulars	For the Year ended 31st March 2011	For the Year ended 31st March 2010
A. CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	(503,996)	(2,215,720)
Operating Profit Before Working Capital Changes		
Cash generated from Operations	(503,996)	(2,215,720)
Fringe Benefit Tax	-	-
Net Cash Flow from/ (used in) Operating Activities	(503,996)	(2,215,720)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES		
Purchase of Fixed Assets (Inclusive of Capital Advances)	4,975	(69,473)
Changes in Trade and Other Receivables Inflow/(outflow) from changes in trade and other receivables (S Drs & Loans & Adv)	419,456	4,664,401
Changes in Trade Payables capital work in progress (including Capital Advance & EDCP)	33,541,180 (90,935,686)	(388,146,452) (19,347,498)
Net Cash from/ (used in) Investing Activities	(56,970,076)	(402,899,022)
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from share application money/(Refund)	57,500,000	405,000,000
Proceeds from ICD		-
Proceeds from issue of share capital	-	
Net Cash from Financing Activities	57,500,000	405,000,000
Net increase in Cash and Cash Equivalents	25,929	(114,742)
Cash and Cash Equivalents at the beginning of the year	543,849	658,591
Cash and Cash Equivalents at the end of the year	569,778	543,849

Notes:

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on 'Cash Flow Statements' issued by the Institute of Chartered Accountants of India.
- Previous year's figures have been regrouped and reclassified to conform to those of the current year

This is the Cash Flow Statement subject
to limited review

For and on behalf of the Board

A V Satish Kumar
Partner
For and on behalf of
Girish Murthy & Kumar
Chartered Accountants
Membership Number : 26526

G.Subba Rao Vinod Kumar Sharma
Director Director

Place: Bangalore
Date : 6th May, 2011

Place: Bangalore
Date : 6th May, 2011

GMR Londa Hydro Power Private Limited
Schedules forming part of the Balance Sheet as at 31st March 2011

(Amount in Rupees)

Schedule 1: Share capital	31st March 2011	31st March 2010
a. Authorised Capital (10,00,000 Shares of Rs.10/- each)	10,000,000	10,000,000
	10,000,000	10,000,000
b. Issued, subscribed and paid up (10,000 Shares of Rs.10/- each) (out of which 9900 shares of Rs.10/- each are held by GMR Energy Ltd holding company)	100,000	100,000
c. Share Application Money	464,000,000	406,500,000
Total	464,100,000	406,600,000

(Amount in Rupees)

Schedule 3: Capital Work in Progress	31st March 2011	31st March 2010
A) Capital Advances	8,216,328	-
B) Incidental Expenditure During Construction Period		
Technical Consultancy Fee	88,733,464	88,733,465
Salaries, allowances and benefits to employees	17,845,207	15,800,735
Transportation Charges	183,402	183,402
Contribution to provident fund and others	384,635	219,027
Staff welfare expenses	5,321,687	5,263,600
Rent	7,036,861	6,687,421
Rates and Taxes	868,742	867,877
Repairs & Maintenance	1,567,454	1,218,836
Insurance	18,000	17,272
Consultancy & Professional Charges	275,017,747	233,495,219
Travelling and conveyance	16,126,115	15,320,629
Communication Expenses	2,431,037	1,909,155
Fringe benefit tax	750,000	750,000
Depreciation	40,165	20,190
Office Maintenance	2,426,212	2,384,549
Guest House Maintenance	1,116,591	964,085
Printing & Stationery	944,240	897,025
Business Promotion Expenses	2,166,477	2,166,477
Finance Cost	21,324,838	21,324,838
Bank/ other finance charges	27,148	22,743
Recruitment Expenses	1,528,105	1,350,356
Meetings & Seminars	561,850	560,242
Miscellaneous Expenses	42,046,384	5,509,690
Books & Periodicals	6,822	2,802
Advertisement	114,681	-
Hire Charges	294,711	294,711
Less: Other Income		
Other Income-Interest Received-Employee Loans	258,899	60,028
Total	496,840,004	405,904,317

(Amount in Rupees)

Schedule 4: Cash and Bank Balances	31st March 2011	31st March 2010
Cash on Hand	-	-
Balances with scheduled banks		
- On Current accounts	569,778	543,849
Total	569,778	543,849

GMR Londa Hydro Power Private Limited
Schedules forming part of the Balance Sheet as at 31st March 2011

Schedule 2
Fixed Assets

(Amount in Rupees)

Description	Gross Block				Depreciation				Net Block	
	As at 1st April, 2010	Additions	Deletions for the Month	As at 31st March 2011	As at 1st April, 2010	Additions	Deletions for the Month	As at 31st March 2011	As at 31st March 2011	As at 1st April, 2010
Plant & Machinery	47,288	-	-	47,288	2,497	2,497	-	4,994	42,294	44,791
Office & Computer equipment	22,185	-	-	22,185	1,054	1,054	-	2,108	20,077	21,131
Capitalized Software	-	-	-	-	-	-	-	-	-	-
Furniture & Fixtures	257,300	-	-	257,300	16,640	16,287	-	32,927	224,373	240,660
Vehicles	-	15,000	-	15,000	-	137	-	137	14,863	-
Grand Total	326,773	15,000	-	341,773	20,190	19,975	-	40,165	301,608	306,583

GMR Londa Hydro Power Private Limited
 Balance Sheet as at 30th September 2010

(Amount in Rupees)

Schedule 5: Loans & Advances	31st March 2011	31st March 2010
(Unsecured and considered good, unless otherwise stated)		
Loans to Employees	-	-
Advances recoverable in cash or in kind or for value to be received		
· Considered good	1,404,676.41	1,074,133
Advance Tax	50,000	50,000
Total	1,454,676	1,124,133

Schedule 6: Current Liabilities and Provisions	31st March 2011	31st March 2010
a. Current Liabilities		
Sundry creditors:		
I. Dues to Micro and small scale industrial undertakings	-	-
II. Dues to other than Micro and small scale industrial undertakings	36,869,493	3,415,591
Other liabilities	317,616	13,260
Total	37,187,109	3,428,851
b. Provisions		
Provisions-Gratuity	98,573	21,063
Provisions-Super annuation	4,758	1,660
Provisions-LTA	50,000	22,500
Provision-Leave Encachment	103,021	20,528
Provision-Bonus	342,321	-
Total	598,673	65,751

GMR Londa Hydro Power Private Limited

Schedules forming part of Profit and Loss Account for the year ended 31st March 2011

(Amount in Rupees)

Schedule 7: Administrative Expenses	31st March 2011	31st March 2010
Audit Fees	40,811	36,511
Audit Fees Others	16,545	-
Rates & Taxes	2,500	159,208
Business Promotion	21,740	2,000,000
Charities and Donations	420,000	20,000
Professional & Consultancy Charges	2,400	-
Total	503,996	2,215,719

GMR Londa Hydropower Private Limited

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Statement on Significant Accounting Policies and Notes to the Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards as specified in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

2. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

3. Revenue Recognition:

- i) In case of power generating companies, revenue from sale of energy is recognised on accrual basis in accordance with the provisions of the Power Purchase Agreement (PPAs) and includes unbilled revenue accrued up to the end of the accounting year and in other cases revenue is recognised in accordance with billings made to consumers based on the units of energy delivered.
- ii) Interest on investments and bank deposits are booked on a time proportionate basis taking into account the amounts invested and the rate of interest.

4. Fixed Assets and Capital Work-in-progress:

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Assets under installation or under construction and the related advances as at the balance sheet date are shown as Capital Work in Progress.

5. Depreciation

Depreciation is provided on pro-rata basis on straight line method at the rate specified under schedule XIV under companies act 1956, except for assets individually costing less than Rs.5,000/-, which are fully depreciated in the year of acquisition.

6. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in

GMR Londa Hydropower Private Limited

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value is made to recognise a decline other than temporary in the value of the investments. Cost of acquisition is inclusive of expenditure incidental to acquisition.

7. Borrowing Costs

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets till the period such assets are ready to put to use. A qualifying asset is one that takes substantial period of time to get ready for its intended use or sale. Other borrowing costs not attributable to the acquisition of any capital asset or investments are recognised as expenses in the period in which they are incurred.

8. Retirement Benefits

a) Defined Contribution Plans

Contributions paid/payable to defined contribution plans comprising of provident fund, pension fund, superannuation fund etc. in accordance with the applicable laws and regulations are recognised as expenses during the period in which the employees perform the services that the payments cover.

The Group makes monthly contributions and has no further obligations under such plans beyond its contributions.

b) Defined Benefit Plan

The liability as at the Balance Sheet date is provided for based on the actuarial valuation, under Projected Unit Credit Method at the Balance Sheet date, carried out by an independent actuary. Actuarial Gains and Losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognised immediately in the Profit and Loss account as an income or expense.

c) Other Long term employee benefits

Employee benefits including compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date based on actuarial valuation method of Projected Unit Credit carried out at each Balance Sheet date. Actuarial Gains and Losses are recognised immediately in the Profit and Loss account as an income or expense..

d) Short term employee benefits

Short term employee benefits including compensated absences as at the Balance Sheet date are recognised as an expense as per the Group's schemes based on the expected obligation on an undiscounted basis.

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9. Foreign Currency Transactions

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences in respect of accounting periods commencing on or after December 07, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortised over the balance period of such long-term asset/liability but not beyond accounting period ending on or before March 31, 2011.

All other monetary assets and liabilities denominated in foreign currency are restated using the closing rate and all exchange gains/ losses arising therefrom are adjusted to the Profit and Loss account except, those covered by forward contracted rates (not intended for trading or speculation), where the premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

10. Taxes on Income

Tax expense comprises of current and deferred taxes. Current tax is determined on the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized on timing differences; being the difference between taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are measured on the timing differences applying the tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws.

Deferred tax assets are recognised only to the extent that there is reasonable/virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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11. Earnings Per Share

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

12. Impairment:

All the fixed assets including intangible assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment (being the excess of carrying value over the recoverable value of the asset) is charged to the Profit and Loss account in the respective financial year. Recoverable amount is higher of the net selling price of an asset and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

13. Contingent Liabilities:

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and, to the extent not provided for, are disclosed by way of notes on the accounts.

GMR Londa Hydropower Private Limited

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II. Notes to the Accounts

1. Nature of Business:

GMR Londa hydropower private Limited is promoted as a Special Purpose Vehicle (SPV) by GMR Energy Limited, the holding company, to develop and operate 225 MW hydro based power project in Arunachal Pradesh. The company is in the process of setting up of the project.

2. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances is Rs.5,065,273/- (Mar'10 - Rs.Nil)

3. Employee Benefits:

The company has determined the liability for gratuity and long term compensated absences in accordance with revised AS 15.

Disclosures as envisaged in revised AS 15 in respect of Gratuity and leave encashment are given below:

Gratuity and Leave Encashment:

- a) Defined Benefit Plan - As per Actuarial Valuation as at 31st March 2011 {Funded}

GMR Londa Hydropower Private Limited

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Gratuity and Leave Encashment:

a) Defined Benefit Plan - As per Actuarial Valuation as at 31st March, 2011 {Funded}

Particulars	Year Ended 31 st March11	Year Ended 31 st March10
Projected benefits obligation at the beginning of the period	21,063	-
Current Service Cost	78,135	21,063
Interest Cost	1,659	-
Gain recognised in the year	-1,630	-
Benefits Paid	-654	-
Projected benefit obligation at the end of the period	98,573	21,063
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the period	98,573	21,063
Fair value of plan assets at the end of the period	64,587	58,091
Funded status of the plans-asset/(liability)	-33,986	37,028
Assets/(Liability) recognized in the balance sheet	-33,986	37,028
Change in plan assets		
Opening Fair value of plan assets	59,254	21,063
Expected return	4,740	-2224
Contributions	654	-
Benefits Paid	-654	-
Actuarial gain/(loss) recognized in the period	593	-
Closing fair value of Plan assets	64,587	18,839
Assumption		
Discount Rate	8.00%	8.00%
Estimated rate of return on plan assets	8.00%	8.00%
Expected rate of compensation increase	6.00%	6.00%
Attrition Rate	5.00%	5.00%
Retirement expectancy - Years	60	60

Leave Encashment

103,021

b) Liability towards Leave Encashment based on Actuarial valuation amounts to Rs.103,021/- as at 31st March 2011.

GMR Londa Hydropower Private Limited

Schedule - 10

4. Details of Auditors Remuneration:

Particulars	Amount in Rupees	
	31 st March 2011	31 st March 2010
i) Statutory Audit Fees	11,030	11,030
ii) Tax Audit Fees	-	-
iii) Certification / Consultation Fees	16,545	-

5. Related Party transactions

GMR Londa Hydropower Private Limited - Related parties for as on March 31, 2011		
(i)	Enterprises that control the Company	GMR Energy Limited (GEL) (Holding Company) GMR Renewable Energy Limited (GReL) GMR Infrastructure Limited (GIL) GMR Holdings Private Limited (GHPL)
(ii)	Fellow Subsidiary Companies	GMR Power Corporation Limited (GPCL) GMR Vemagiri Power Generation Limited (GVPGL) GMR Mining and Energy Private Limited (GMEPL) GMR Kamalanga Energy Limited GMR Consulting Services Private Limited Himtal Hydropower Company Private Limited (HHCP), Nepal GMR Energy (Mauritius) Limited (GEML), Mauritius GMR Lion Energy Limited (GLEL), Mauritius GMR Upper Karnali Hydropower Limited (GUKL) GMR Coastal Energy Private Limited (GMRCEPL) GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL) GMR Bajoli Holi Hydro Power Private Limited (GBHHPL) GMR Energy (Cyprus) Limited (GECL), Cyprus GMR Energy (Netherlands) B. V. (GENBV), Netherlands GMR Chhattisgarh Energy Limited GMR Kakinada Energy Private Limited (Formerly known as Londa Hydro Power Private Limited (LHPL)) Badrinath Hydro Power Generation Pvt. Ltd. (BHPL) PT Barasentosa Lestari (PT BSL), Indonesia PT Dwikarya Sejati Utama (PT DSU), Indonesia PT Dutasarana Internusa (PT DSI), Indonesia PT Unsoco Emco Energy Limited SJK Powergen Limited Lion Energy Tuas Pte Ltd., Singapore * GMR Rajahmundry Energy Limited GMR Maharashtra Energy Limited

GMR Londa Hydropower Private Limited

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		GMR Bundelkhand Energy Private Limited GMR Uttar Pradesh Energy Limited GMR Hosur Energy Limited Homeland Energy Group Limited Karnalli Transmission Company Private Limited (Nepal) Marsyangdi Transmission Company Private Limited (Nepal) GMR Indo- Nepal Energy Links Limited GMR Indo- Nepal Power Corridors Limited GMR Gujarat Solar Power Private Limited Aravali Transmission Service Company Limited Maru Transmission Service Company Limited
(iii)	Enterprises where significant influence exists	
(iv)	Enterprises where key management personnel and their relative exercise significant influence.	
(v)	Key Management Personnel	

* Has been Wound Up w.e.f October 05, 2010

a) Summary of transactions with the above related parties is as follows

Particulars	(Amount in Rupees)	
	For the Year ended 31 st March 2011	For the Year Ended 31st March 2010
i) Donations and Community Development		
a) Enterprises where significant influence exists - GMRVF	NIL	Nil
ii) Shares application money received		
a) Enterprises that Control the Company - GEL	57,500,000	1,500,000
iii) Equity Share capital		
a) Enterprises that Control the Company - GEL	Nil	Nil
iV) Consulting Services : Services Received : From GMR Consulting Service P Ltd	407,28,274	6,300,000

c) Balance as on 31st March 2011 is as under for following related parties.

Name of the company	(Amount in Rupees)	
	31 st March 2011	31st March 2010
GMR Consulting Services (P) Ltd	36,655,445	3,404,962

GMR Londa Hydropower Private Limited

Schedule - 10

6. Earnings per Share (EPS)

(Amount in Rupees)

Particulars	31 st March 2011	31 st March 2010
Nominal value of Equity Shares(Rs. Per share)	10	10
Total No. of Equity Shares outstanding at the beginning of the Period/Year	10,000	10,000
Total No. of Equity Shares outstanding at the end of the Period/Year	10,000	10,000
Weighted average No. of Equity shares for Basic earnings per Share	10,000	10,000
Profit as per Profit and loss Account	(503,996)	(2,215,719)
Less: Dividend on Preference shares (including tax thereon)	-	-
Profit/ (Loss) for Earning per share	(503,996)	(2,215,719)
Earnings per Share (EPS)	(50.4)	(221.57)

7. Balances shown under Loans and Advances Creditors and Advances to suppliers are subject to confirmation and reconciliations.

8. There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at March 31 2011. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

9. Segment Reporting

The company is engaged primarily in the business of setting and running of Power plant. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (AS-17) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the company.

10. Additional information pursuant to Para 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

Expenditure in Foreign Currency

(Amount in

Rupees)

Particulars	31st March 2011	31st March 2010
Foreign Travel	Nil	Nil
Bank charges on forex remittance	Nil	Nil
Consultancy payments	Nil	Nil
Total	Nil	Nil

GMR Londa Hydropower Private Limited

Schedule - 10

11. The previous year figures have been regrouped / reclassified wherever necessary.

**For Girish Murthy & Kumar
Chartered Accountants**

For and on behalf of Board

**A V Satish Kumar
Partner
M.No.26526**

**G Subba Rao
Director**

**Vinod Kumar Sharma
Director**

**Place: Bangalore
Date : 6th May, 2011**

**Place: Bangalore
Date : 6th May, 2011**

GMR Londa Hydro Power Pvt Ltd
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 Registration Details			
Registration No.	U40101KA2008PTC048190	State Code : 08	
Balance Sheet Date	31st March 2011		
2 Capital Raised during the year (Amount in Rs.Millions)			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
3 Position of Mobilisation and Development of Funds (Amount in Rupees)			
Total Liabilities	464,100,000	Total assets	464,100,000
Sources of Funds			
Paid Up Capital	100,000	Reserves & Surplus	-
Share Application Money Received	464,000,000	Unsecured Loans	-
Secured Loans	-		
Application of Funds			
Net Fixed Assets (including capital work in progress)	497,141,612	Investments	-
Net Current Assets	(35,761,327)	Misc. Expenditure	
Accumulated Losses	-		
4 Performance of company (Amount in Rupees)			
Gross Income	-	Total Expenditure	503,996
+ / - Profit / Loss Before Tax	-	+ / - Profit / Loss After Tax	(503,996)
Earning Per Share in Rs.(Basic & Diluted)	(50.40)	Dividend Rate %	-
5 Generic Names of Three Principal Products / Services of Company (as per monetary terms)			
Item Code No. :	NA	Product Description	Hydro Electric Power

For and on behalf of the Board

G.Subba Rao
Director

Vinod Kumar Sharma
Director

Place: Bangalore
Date : 6th May, 2011