

AUDITORS' REPORT

**To,
The Members of GMR Power Corporation Limited**

1. We, Chaturvedi & Shah, have audited the attached Balance Sheet of **GMR Power Corporation Limited** ('the Company') as at March 31, 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together "the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

Contd .. 2

- e) on the basis of written representations received from the directors, as at 31st March 2011, and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
- f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the notes thereto give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For CHATURVEDI & SHAH
Chartered Accountants
Firm Registration Number : 101720W

CD Lala
Partner
Membership Number: 35671

Place: Mumbai
Date: May 9, 2011

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred in Paragraph 3 of the Auditors' Report of even date to the members of **GMR Power Corporation Limited** ('the Company') on the Financial statements for the year ended 31st March, 2011. We report that :

- 1)
 - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) 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 the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- 2)
 - a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

Contd .. 2

- 3) a) As per the information and explanation given to us, the Company has placed inter corporate deposit of Rs. 460 Crore with two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum balance outstanding at any time during the year and balance outstanding at the year end are Rs.460 crore and Rs.327 crore respectively.
- b) In our opinion, the rate of interest and other terms and conditions of such inter corporate deposit are not prima facie prejudicial to the interest of the Company.
- c) In respect of the aforesaid inter corporate deposits, the party has been regular in repaying the principal amounts as stipulated and was also regular in payment of interest.
- d) In respect of the aforesaid inter corporate deposit, there is no overdue amount more than Rs. 1 Lac.
- e) As per the information and explanations given to us, the Company, has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clauses 3 (f) and 3 (g) of the Order are not applicable to the Company in the current year.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for sale of energy. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 5) a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 exceeding Rs.5, 00,000/- (Rupees five lakh only) in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant date.

- 6) In our opinion and according to the information and explanation given to us, Company has not accepted any deposits from public as per the provision of section 58A and 58AA of the Act and the rules framed there under. Accordingly, provision of Clause 4(vi) of the Order is not applicable to the Company . There are no orders from Company Law Board or Reserve Bank of India or any Court or any other Tribunal.
- 7) Internal audit is conducted by the in-house team of qualified Chartered Accountants, which, in our opinion is commensurate with its size and nature of its business.
- 8) We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of section 209 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9) a) 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 depositing the undisputed statutory dues including investor education and protection fund, employees' state insurance, income-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, no undisputed statutory dues were outstanding, at the year end, for a period of more than six months.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues which have not been deposited on account of any dispute except the following.

Name of the Statute	Nature of Dues	Years to which it pertains	Amount (Rs. in Lacs)	Forum where dispute is pending
Income Tax Act, 1961	Disallowance u/s 14 and others.	A.Y 2008-09	103.41	Commissioner of Income tax (Appeal)

Contd .. 4

- 10) The Company has no accumulated losses as at 31st March 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 11) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- 12) According to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or a Nidhi/ mutual benefit fund/ society. Therefore, clause 4(xiii) of the Order is not applicable to the Company.
- 14) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 15) In our opinion and as per information and explanations given to us, the Company has not given any guarantees to Banks or Financial Institutions for loan taken by others.
- 16) In our opinion, and according to the information and explanation to us, the company has not raised any term loan during the year. Hence clause 4(xvi) of the Order is not applicable to the company.
- 17) According to the information and explanations given to us, and on overall examination of the balance sheet of the Company, we are of the opinion that, no funds raised on a short-term basis have been used for long term purpose.
- 18) The Company, during the year has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered under our report. Accordingly, provisions of clause 4(xix) of the Order are not applicable to the Company.
- 20) The Company has not raised any money by public issue during the year.

- 21) During the course of examination of Books of Account 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 neither come across any fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the Management.

For CHATURVEDI & SHAH

Chartered Accountants

Firm Registration Number : 101720W

C D Lala

Partner

Membership Number: 35671

Place: Mumbai

Date: May 9, 2011

GMR Power Corporation Limited

Balance Sheet as at March 31, 2011

(Rupees in Lacs)

	Schedule Ref	March 31, 2011		March 31, 2010	
I. Sources of Funds					
1. Shareholders' Funds					
a) Capital	1		24,750.00		24,750.00
b) Reserves and Surplus	2		36,558.17		28,779.89
2. Loan Funds					
Secured Loans	3		124.20		8,147.71
Total			61,432.37		61,677.60
II. Application of Funds					
1. Fixed Assets					
a) Gross Block	4	94,891.75		94,833.52	
b) Less: Depreciation		78,881.48	16,010.27	76,154.72	18,678.80
2. Investments					
	5		18,846.63		37,453.03
3. Current Assets, Loans and Advances					
a) Inventories	6	1,587.73		1,310.42	
b) Sundry Debtors	7	27,438.65		15,381.27	
c) Cash and Bank Balances	8	10,530.52		1,686.88	
d) Other Current Assets	9	320.70		69.28	
e) Loans and Advances	10	33,452.29		7,495.48	
		73,329.89		25,943.33	
Less: Current Liabilities and Provisions					
a) Liabilities	11	46,667.99		14,599.75	
b) Provisions		86.42		5,797.81	
		46,754.42		20,397.56	
Net Current Assets			26,575.47		5,545.77
Total			61,432.37		61,677.60
Statement on Significant Accounting Policies and Notes to the Accounts	17				

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

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This is the Balance Sheet referred to in our report of even date.

For Chaturvedi & Shah
Firm Registration Number: 101720W
Chartered Accountants

For and on behalf of the Board of Directors

C.D.Lala
Partner
Membership No. : 35671

B V N Rao
Director

Raaj Kumar
Director

Chirag Karia
Company Secretary

Place : Bengaluru
Date : May 09, 2011

Place : Bengaluru
Date : May 09, 2011

GMR Power Corporation Limited

Profit and Loss Account for the Year ended March 31, 2011

(Rupees in Lacs)

	Schedule Ref.	March 31, 2011	March 31, 2010
I. Income			
Sales	12	76,087.16	87,032.55
Other Income	13	3,290.83	6,116.53
		79,377.99	93,149.08
II. Expenditure			
Generation Expenses	14	65,345.36	72,777.50
Administration and Other Expenses	15	1,206.59	1,102.24
Interest and Finance Charges	16	432.00	1,414.31
Depreciation		2,726.79	2,703.49
		69,710.74	77,997.54
III. Profit Before Taxation		9,667.25	15,151.54
Provision for Taxation			
-Current		1,851.56	1,876.90
-Earlier Years(Tax on Demand)		37.40	506.90
IV. Profit After Taxation		7,778.28	12,767.74
Surplus brought forward from previous year		24,600.17	18,562.14
V. Available for Appropriation			
-Transfer to General Reserve		-	957.58
-Proposed Final Dividend		-	4,950.00
-Dividend Distribution Tax		-	822.13
V. Available Surplus Carried to Balance Sheet		32,378.45	24,600.17
Earning per Share (Rs .)- Basic and Diluted (Rs. Per Equity Share of Rs. 10/- each) [Refer Note 8 of Schedule 17(II)]		3.14	5.16
Statement on Significant Accounting Policies and Notes to the Accounts	17		

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

This is the Profit and Loss Account referred to in our report of even date

For Chaturvedi & Shah

Firm Registration Number: 101720W

Chartered Accountants

For and on behalf of Board of Directors

C.D.Lala

Partner

Membership No. : 35671

B V N Rao

Director

Raaj Kumar

Director

Chirag Karia

Company Secreeta

Place: Bengaluru

Date: May 09, 2011

Place: Bengaluru

Date: May 09, 2011

GMR Power Corporation Limited

Schedules forming part of the Balance Sheet as at March 31, 2011

(Rupees in Lacs)

Schedule 1	March 31, 2011	March 31, 2010
Capital		
Authorised 250,000,000 Equity Shares of Rs. 10/- each	25,000.00	25,000.00
Issued, Subscribed and Paid-Up 247,500,000 Equity Shares of Rs. 10/- each fully paid up	24,750.00	24,750.00
(Out of the above 126,225,000 (March 31, 2010: 126,225,000) Equity Shares are held by the Holding Company, GMR Energy Limited and its nominees)		
Total	24,750.00	24,750.00

(Rupees in Lacs)

Schedule 2	March 31, 2011	March 31, 2010
Reserves and Surplus		
Major Maintenance Reserve	2,000.00	2,000.00
General Reserve		
At the Commencement of the year	2,179.72	1,222.14
Add: Transfer from Profit and Loss Account	-	957.58
	2,179.72	2,179.72
Balance in the Profit and Loss Account	32,378.45	24,600.17
Total	36,558.17	28,779.89

Schedules forming part of the Balance Sheet as at March 31, 2011

(Rupees in Lacs)

Schedule 3	March 31, 2011	March 31, 2010
Secured Loans		
Term Loans		
Rupee Term Loans		
From Financial Institutions	-	7,020.00
(Term loans are secured by way of equitable mortgage by deposit of the title deeds of the leasehold land of the Company and are also secured by a charge on all buildings and structures and plant and machinery including movable plant and machinery, spares tools, cash flows, receivables, book debts, intangibles, goodwill, uncalled capital and rights, title under the project documents, clearances/permits, insurance contracts, proceeds and by pledge of 99,000,000 equity shares of the Company held by the holding company were discharged subsequent on closure of RTL)		
Finance Lease Obligations	124.20	130.42
(Secured against the Asset under the Finance Lease Arrangement)		
Cash Credit and Demand Loans from Banks	-	997.29
(Secured by way of first charge on Current Assets, Stocks of raw materials, stores and spares (not relating to Plant and Machinery), Bills Receivable, Book Debts and Other Movables of the Company, both present and future.)		
Total	124.20	8,147.71

(Rupees in Lacs)

Schedule 6	March 31, 2011	March 31, 2010
Inventories		
(At lower of Cost & Net Realisable Value)		
Raw Materials-Fuel	1,032.51	1,056.62
Consumables, Stores and Spares	555.21	253.80
Total	1,587.73	1,310.42

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GMR Power Corporation Limited

Schedules forming part of the Balance Sheet as at March 31, 2011

Schedule 4

Fixed Assets

(Rupees in Lacs)

Description	Gross Block - At Cost				Depreciation/Amorisation				Net Block	
	As at March 31, 2010	Additions	Deletions/ Adjustments	As at March 31, 2011	As at March 31, 2010	For the Year	Deletions/ Adjustments	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Intangible Assets										
Capitalised Software	21.17	6.84	-	28.01	0.33	3.08	-	3.41	24.59	20.84
Tangible Assets										
Land	6.72	-	-	6.72	-	-	-	-	6.72	6.72
Buildings*	10,951.35	-	-	10,951.35	5,309.38	809.35	-	6,118.73	4,832.62	5,641.97
Plant & Machinery	83,241.05	38.32	-	83,279.39	70,509.68	1,877.93	-	72,387.59	10,891.80	12,731.37
Office Equipment	160.58	8.64	-	169.22	93.37	10.29	-	103.67	65.54	67.21
Furniture & Fixtures	154.76	1.61	-	156.37	141.39	1.08	-	142.47	13.90	13.37
Vehicles	51.73	2.80	-	54.53	50.13	0.37	-	50.50	4.03	1.60
(Sub Total - A)	94,587.36	58.21	-	94,645.59	76,104.28	2,702.11	-	78,806.36	15,839.23	18,483.08
Assets taken on Lease										
Plant & Machinery	246.16	-	-	246.16	50.44	24.68	-	75.12	171.04	195.72
(Sub Total - B)	246.16	-	-	246.16	50.44	24.68	-	75.12	171.04	195.72
Grand Total (A+B)	94,833.52	58.21	-	94,891.75	76,154.72	2,726.79	-	78,881.48	16,010.27	18,678.80
Previous Year	94,692.72	70.28	23.93	94,739.07	73,505.65	2,033.33	23.72	75,515.24	19,313.67	21,275.41

Notes:

*Buildings are on Leasehold land

Schedules forming part of the Balance Sheet as at March 31, 2011

(Rupees in Lacs)

Schedule 5		March 31, 2011	March 31, 2010
Investments			
A. Long term- At cost			
I. In shares of Other Companies - Other than Trade - Unquoted			
GMR Tambaram - Tindivanam Expressways Private Limited (270,000 (March 31, 2010: 270,000) Equity Shares of Rs.10 each fully paid up)		27.00	27.00
GMR Tuni - Anakapalli Expressways Private Limited (2,70,000 (March 31, 2010: 270,000) Equity Shares of Rs.10 each fully paid up)		27.00	27.00
II. In Debentures - Other than Trade - Unquoted			
GMR Chhattisgarh Energy Limited (Nil (March 31, 2010: Rs.13,300 Lacs) Unsecured Optionally Convertible Debentures of Rs.100/- each fully paid up)		-	13,300.00
(i)		54.00	13,354.00
B. Current- At lower of cost and fair value			
I. Other than Trade - Unquoted			
Mutual Funds *			
KOTAK LIQUID INSTITUTIONAL PREMIUM - GROWTH (503807.552 units of Rs.10 Each.)		100.14	-
Religare Liquid Fund - Super Institutional - Growth (41624.622 Units of Rs.1000 each)		560.23	-
SBI PREMIER LIQUID FUND SUPER INSTITUTIONAL - GROWTH (7224082.872 Units of Rs.10 each)		1,113.00	-
Birla Sun Life Saving Fund Institutional - Growth (8,333,809.142 Units of Rs.10 each)		-	1,456.23
HDFC Liquid Fund - Premium Plan - Growth (7,049,776.847 Units of Rs.10 each)		-	1,300.00
ICICI Prudential Flexible Income Plan Premium - Growth (2,823,145.191 Units of Rs.100 each)		-	4,833.46
IDFC Money Manager Fund - Treasury Plan - Institutional Plan C - Growth (13,971,916.960 Units of Rs.10 each)		-	1,524.99
Certificate of Deposits **			
Central Bank of India (2,500 Units of Rs.1,00,000 each fully paid)		-	2,483.85
Punjab National Bank (2,500 Units of Rs.1,00,000 each fully paid)		2,435.44	-
State Bank of Bikaner & Jaipur (2,500 Units of Rs.1,00,000 each fully paid)		2,433.18	-
Bank of India (2,500 Units of Rs.1,00,000 each fully paid)		2,401.69	-
State Bank of Travancore (2,500 Units of Rs.1,00,000 each fully paid)		2,423.72	977.25
Punjab National Bank (1,000 Units of Rs.1,00,000 each fully paid)		976.02	-
Punjab National Bank (1,500 Units of Rs.1,00,000 each fully paid)		1,464.04	-
Corporation Bank (5000 Units of Rs.1,00,000 each fully Paid)		4,885.17	-
HDFC Bank (5,000 Bonds of Rs. 1,00,000 each)		-	9,734.50
(ii)		18,792.63	22,310.29
Government Securities***			
6.35% Government of India 2020 (1,500,000 units of Rs.100 per unit)		-	1,348.50
6.05% Government of India 2019 (500,000 units of Rs.100 per unit)		-	440.25
(iii)		-	1,788.75
Total (i)+(ii)+(iii)		18,846.63	37,453.03

Notes:

* Aggregate Net Asset Value of Mutual Funds as at March 31, 2011 - Rs.1774.77 [March 31, 2010: Rs.9,118.47] Lacs.

** Aggregate Fair value of Certificate of Deposit as at March 31, 2011 - Rs.17,019.26 [March 31, 2010: Rs.13,195.60] Lacs.

*** Aggregate Fair value of Government securities as at March 31, 2011 Rs.Nil [March 31, 2010 Rs.1,788.75] Lacs.

Refer Note 3 of Schedule 17 (II) for details of long term investments pledged as security towards the loan facilities available by the investee companies.
Refer Note 10 of Schedule 17 (II) for details of current investments purchased and sold during the year.

(Rupees in Lacs)

Schedule S		March 31, 2011	March 31, 2010
A.	Investments		
	Long term- At cost		
	I. In shares of Other Companies - Other than Trade - Unquoted		
	GMR Tambaram - Tindivanam Expressways Private Limited [270,000 (March 31, 2010: 270,000) Equity Shares of Rs.10 each fully paid up]	27.00	27.00
	GMR Tuni - Anakapalli Expressways Private Limited [2,70,000 (March 31, 2010: 270,000) Equity Shares of Rs.10 each fully paid up]	27.00	27.00
	II. In Debentures - Other than Trade - Unquoted		
	GMR Chhattisgarh Energy Limited [Nil (March 31, 2010: Rs.13,300 Lacs) Unsecured Optionally Convertible Debentures of Rs.100/- each fully paid up]	-	13,300.00
	(i)	54.00	13,354.00
B.	Current- At lower of cost and fair value		
	I. Other than Trade - Unquoted		
	Mutual Funds *		
	KOTAK LIQUID INSTITUTIONAL PREMIUM - GROWTH (503807.552 units of Rs.10 Each.)	100.14	-
	Religare Liquid Fund - Super Institutional - Growth (41624.622 Units of Rs.1000 each)	560.23	-
	SBI PREMIER LIQUID FUND SUPER INSTITUTIONAL - GROWTH (7224082.872 Units of Rs.10 each)	1,113.00	-
	Birla Sun Life Saving Fund Institutional - Growth (8,333,809.142 Units of Rs.10 each)	-	1,456.23
	HDFC Liquid Fund - Premium Plan - Growth (7,049,776.847 Units of Rs.10 each)	-	1,300.00
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	Certificate of Deposits **		
	Central Bank of India (2,500 Units of Rs.1,00,000 each fully paid)	-	2,483.85
	Punjab National Bank (2,500 Units of Rs.1,00,000 each fully paid)	2,435.44	-
	State Bank of Bikaner & Jaipur (2,500 Units of Rs.1,00,000 each fully paid)	2,433.18	-
	Bank of India (2,500 Units of Rs.1,00,000 each fully paid)	2,401.69	-
	State Bank of Travancore (2,500 Units of Rs.1,00,000 each fully paid)	2,423.72	977.25
	Punjab National Bank (1,000 Units of Rs.1,00,000 each fully paid)	976.02	-
	Punjab National Bank (1,500 Units of Rs.1,00,000 each fully paid)	1,464.04	-
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	(ii)	18,792.63	22,310.29
	Government Securities***		
	6.35% Government of India 2020 (1,500,000 units of Rs.100 per unit)	-	1,348.50
	6.05% Government of India 2019 (500,000 units of Rs.100 per unit)	-	440.25
	(iii)	-	1,788.75
	Total (i)+(ii)+(iii)	18,846.63	37,453.03

Notes:

* Aggregate Net Asset Value of Mutual Funds as at March 31, 2011 - Rs.1774.77 [March 31, 2010: Rs.9,118.47] Lacs.

** Aggregate Fair value of Certificate of Deposit as at March 31, 2011 - Rs.17,019.26 [March 31, 2010: Rs.13,195.60] Lacs.

*** Aggregate Fair value of Government securities as at March 31, 2011 Rs.Nil [March 31, 2010 Rs.1,788.75] Lacs.

Refer Note 3 of Schedule 17 (II) for details of long term investments pledged as security towards the loan facilities availed by the investee companies
Refer Note 10 of Schedule 17 (II) for details of current investments purchased and sold during the year.

Schedules forming part of the Balance Sheet as at March 31, 2011

(Rupees in Lacs)

Schedule 7	March 31, 2011	March 31, 2010
Sundry Debtors (Unsecured and Considered Good unless otherwise stated)		
a) Over six months old Considered Good	7,909.18	6,464.38
b) Other debts * Considered Good	19,529.47	8,916.89
Total	27,438.65	15,381.27
* Includes Unbilled Revenue of Rs. 9,820.69 Lacs (March 31, 2010: Rs. 8,440.64 Lacs)		

(0.00)

1.09

(Rupees in Lacs)

Schedule 8	March 31, 2011	March 31, 2010
Cash and Bank Balances		
Cash and Cheques on hand	1.30	0.96
Balances with Scheduled Banks		
-On Current accounts	14.10	1,194.58
-On Deposit accounts	9,959.84	0.00
-On Margin money *	555.28	491.34
Total	10,530.52	1,686.88
* Towards Letter of Credit and Bank Guarantees issued by the bankers on behalf of the Company		

0.00

(Rupees in Lacs)

Schedule 9	March 31, 2011	March 31, 2010
Other Current Assets (Unsecured, Considered good, unless otherwise stated)		
Interest accrued but not due	320.70	69.28
Total	320.70	69.28

Schedules forming part of the Balance Sheet as at March 31, 2011

(Rupees in Lacs)

Schedule 10	March 31, 2011	March 31, 2010
Loans and Advances (Unsecured, Considered Good unless otherwise stated)		
Loans to Employees	5.63	0.42
Inter Corporate Deposit (Refer Note no 14 of Schedule 17(II))	32,700.00	6,700.00
Prepaid Expenses	117.63	148.41
Advances recoverable in cash or in kind or for value to be received	275.82	226.71
Deposits with Government Authorities	2.14	2.06
Deposits with Others	198.89	197.99
Advance Tax [Net of Provision for Tax of Rs. 4,631.44 Lacs (March 31, 2010: Rs. 2,782.98) Lacs]]	152.18	219.89
Total	33,452.29	7,495.48

5.52

(1.06)

(Rupees in Lacs)

Schedule 11	March 31, 2011	March 31, 2010
Current Liabilities and Provisions		
A) Liabilities		
Sundry Creditors		
Dues to Other than Micro and Small Enterprises	18,156.62	14,520.33
	18,156.62	14,520.33
Advance received against claim	28,496.39	-
Other Liabilities	14.99	34.82
Interest accrued but not due on loans	0.00	44.60
Total	46,667.99	14,599.75
B) Provisions		
Provision for Employee Benefits	86.42	25.68
Proposed Final Dividend	-	4,950.00
Dividend Distribution Tax	-	822.13
Total	86.42	5,797.81

GMR Power Corporation Limited

Schedules forming part of the Profit and Loss Account for the Year ended March 31, 2011

(Rupees in Lacs)

Schedule 12	March 31, 2011	March 31, 2010
Sales		
Income from Sale of Electrical Energy	77,312.43	89,171.08
Less: Prompt Payment Rebate	1,225.28	2,138.53
	76,087.16	87,032.55

(Rupees in Lacs)

Schedule 13	March 31, 2011	March 31, 2010
Other income		
Interest Received (Gross)	2,642.82	1,978.24
[Tax Deducted at Source - Rs.291.24 Lacs (March 31, 2010 : Rs.218.00 Lacs)]		
Profit on Sale of Current Investments - Other than trade	630.24	1,039.54
Profit on sale of Fixed assets	0.54	-
Gain on account of foreign exchange fluctuations (Net)	1.18	43.25
Provisions no longer required Written back	0.60	3,032.31
Miscellaneous Income	15.45	23.19
	3,290.83	6,116.53

~~1344.456~~

(Rupees in Lacs)

Schedule 14	March 31, 2011	March 31, 2010
Generation Expenses		
Consumption of Fuel and Lubricants	62,748.02	70,312.31
Operation and Maintenance [Includes consumption of stores and spares of Rs.458.50 Lacs (March 31, 2010 :Rs. 797.64 Lacs)]	924.55	1,277.65
Salaries, Allowances and Benefits to Operational Employees	554.14	402.47
Contribution to Provident Fund and Others	28.36	20.70
Repairs and Maintenance		
-Plant and Machinery	223.45	230.77
-Buildings	364.77	61.26
-Others	5.39	3.77

Land Lease Rentals	496.68	468.57
[Net of Sub Lease Rentals of Rs. 0.012 Lacs (March 31, 2010: Rs 28.12) Lacs]		
	65,345.36	72,777.50

Schedules forming part of the Profit and Loss Account for the Year ended March 31, 2011

(Rupees in Lacs)

Schedule 15	March 31, 2011	March 31, 2010
Administration and Other Expenses		
Salaries, Allowances and Benefits to Employees	35.46	22.96
Contribution to Provident Fund and Others	2.57	1.76
Staff Welfare Expenses	10.09	4.37
Rent	205.18	183.76
Repairs and Maintenance - others	16.47	12.00
Rates and Taxes	0.28	1.32
Insurance	86.19	84.45
Consultancy and Other Professional Charges	364.33	143.16
Director's Sitting Fee	3.80	3.80
Electricity Charges	15.18	23.92
Remuneration to Auditors		
-Audit Fees	11.03	10.87
-Tax Audit	2.76	(0.00)
-Others	-	-
-Out of Pocket Expenses	1.04	0.10
Green Belt Maintenance	21.04	19.87
Traveling and Conveyance	8.84	62.38
Communication Charges	1.28	2.09
Fixed Assets written off	-	5.71
Loss on Sale of Assets	-	0.29
Bad debts written off	-	1,427.64
Less: Provisions no longer required written back		(1,344.46)
Donations	132.12	138.46
Trade Mark Charges	246.31	263.76
Miscellaneous Expenses	42.63	34.05
	1,206.59	1,102.24

(Rupees in Lacs)

Schedule 16	March 31, 2011	March 31, 2010
Interest and Finance Charges		
Interest on Fixed Loans	299.09	1,266.14
Interest on Other Loans	4.34	1.85
Bank and Other Finance Charges	128.56	146.32
	432.00	1,414.31

GMR Power Corporation Limited
Schedule 17
Statement on Significant Accounting Policies and Notes to the Accounts

I. Significant Accounting Policies

Accounting Assumptions

The financial statements are prepared under historical cost convention in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards notified under Sub-section (3C) of Section 211 of the Companies Act, 1956 of India (the 'Act') and other relevant provisions of the Act.

Revenue Recognition

Revenue from sale of energy is recognised on accrual basis in accordance with the provisions of the Power Purchase Agreement. Claims for delayed payment charges and any other claims, which the Company is entitled to under the Power Purchase Agreement, on grounds of prudence, are accounted for in the year of acceptance.

Interest on investments and deposits is recognised on time proportion basis. Dividend income is accounted for when it is declared.

Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses for bringing the asset concerned to its working condition for its intended use, less accumulated depreciation and impairment loss. Interest on borrowings attributable to qualifying assets are capitalised and included in the cost of fixed assets as appropriate

Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation.

Assets under installation or under construction as at the balance sheet date are shown as capital work in progress.

Depreciation

Depreciation is provided on straight-line method at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956, except for assets less than Rs. 5,000 which are fully depreciated in the year of acquisition and Computer Software, which is depreciated, based on the useful lives ranging from 6 to 7 years as estimated by the management

Leasehold assets are amortised at rates based on the period of lease or the rate specified in Schedule XIV of the Act, whichever is higher.

Leases

Assets acquired under Leases, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

Assets acquired as leases, where a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis as per terms of the lease.

Impairment

Impairment loss is provided to the extent carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of asset's selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

GMR Power Corporation Limited
Schedule 17
Statement on Significant Accounting Policies and Notes to the Accounts

Investments

Long-term investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of long term investments. Current investments are stated at lower of cost and fair value. Cost of acquisition is inclusive of expenditure incidental to acquisition.

Inventories

Inventories being raw materials, consumables, stores and spares are valued at lower of cost and net realisable value. Cost is determined, in general, on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred

Foreign Currency Transactions

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

Liabilities/ assets in foreign currencies are reckoned in the accounts as per the following principles:

Exchange differences 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, are accounted as below:

- (a) In so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset; and
- (b) In other cases, the said exchange differences are accumulated in a 'Foreign Currency Monetary Items Translation Difference Account' and amortised over the balance period of such long term asset/liability but not beyond March 31, 2011.

All other monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising therefrom are adjusted to the Profit and Loss Account, except those covered by forward contracted rates 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.

Exchange differences on forward contracts are recognised in the Profit and Loss Account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.

For forward exchange contracts and other derivatives that are not covered by Accounting Standard (AS) -11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008, whereby for each category of derivatives, the Company records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

GMR Power Corporation Limited
Schedule 17
Statement on Significant Accounting Policies and Notes to the Accounts

Employee Benefits

a) **Defined Contribution Plans**

Contributions paid/payable to defined contribution plans comprising of provident fund and pension fund are charged on accrual basis to the Profit and Loss Account each year.

The Company also has a defined contribution superannuation plan (under a scheme of Life Insurance Corporation of India) covering all its employees and contributions in respect of such scheme are charged to the Profit and Loss Account. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

b) **Defined Benefit Plan**

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognised in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on 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 income or expense.

c) **Other Long term employee benefits**

Other Long term employee benefits comprise of 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 and are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date based on actuarial valuation carried out at each balance sheet date. Actuarial gains/losses are recognised immediately in the Profit and Loss Account as income or expense.

d) **Short term employee benefits**

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

Earnings/(Loss) Per Share

The earnings considered in ascertaining the company's Earnings/(Loss) Per Share ('EPS') comprise the net profit/(loss) after tax. The number of shares used in computing the basic EPS is the weighted average number of shares outstanding during the year.

Taxes on Income

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

Deferred tax is recognised 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 are recognised only to the extent that there is reasonable/virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

GMR Power Corporation Limited
Schedule 17
Statement on Significant Accounting Policies and Notes to the Accounts

Provisions

A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions, other than employee benefits, are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates

Contingencies

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

Expenditure

Expenses are net of taxes recoverable, where applicable.

II. Notes to the Accounts

1. Capital Commitments

Estimated Amount of Contracts remaining to be executed on capital account and not provided for (net of advances) is Nil (March 31, 2010: Rs. Nil).

2. a) Sales/Generation expenses are net of adjustments/refunds.

b) Claims/counterclaims arising out of the Power Purchase Agreement (PPA) and Land Lease Agreement (LLA) in respect of the dues recoverable from Tamil Nadu Electricity Board (TNEB) on account of Sale of Energy including reimbursement towards Interest on Working Capital, Minimum Alternate Tax, Rebate Start/Stop charges and payment of land lease rentals to TNEB respectively were pending settlement/reconciliation with TNEB. In this regard, the Company had approached Tamilnadu Electricity Regulatory Commission (TNERC) to resolve the aforementioned claims/counterclaims. TNERC had vide its order dated April 16, 2010 (hereinafter referred to as "order") directed the Company to submit all of its claims calculated in accordance with the directions set forth in the order issued by TNERC within a period of two months from the date of the order. The Company has filed its claim on April 30, 2010.

Further in view of the favorable order from TNERC, the Company had written back provision amounting to Rs.3,032.31 Lacs made against amounts recognised as due as per the terms of the PPA. However, pending acceptance of claims by TNEB, and in accordance with the Company's accounting policy, claims aggregating to Rs 40,212.84 Lacs have not been recognized in these financial statements.

Against TNERC Order dated April 16, 2010, TNEB had filed a petition in Appellate Tribunal for Electricity (APTEL). APTEL issued an interim Order on November 19, 2010 directed TNEB to make payment of first installment of Rs.100 Crore and Rs.60 Crore every month before 10th of every month. Based on the above Order up to March 31, 2011 The Company had received/realized Rs.280 Crores from TNEB against that above claim and the amount considered as advance in the books of accounts pending adjudication before the Appellate Tribunal.

GMR Power Corporation Limited

Schedule 17

Statement on Significant Accounting Policies and Notes to the Accounts

3. 250,000 Equity shares of Rs. 10 each fully paid up, held in GMR Tambaram Tindivanam Expressways Private Limited and GMR Tuni Anakapalli Expressways Private Limited included in Schedule 5, are pledged as security towards loan facilities availed by the respective investee companies
4. Employee Benefit disclosure under AS 15

Defined benefit plans

- a) The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognised in the Balance Sheet and Profit and Loss Account.

Particulars	(Rupees in Lacs)	
	As at 31 st March 2011	As at 31 st March 2010
A) Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Obligation at the beginning of the year	15.33	11.43
Current service cost	5.31	3.04
Past Service Cost	-	1.27
Interest cost	1.23	0.91
Actuarial loss/(gain) on obligations	(1.74)	(1.32)
Obligation at the end of the period	20.13	15.33
B) Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of Plan Assets at the beginning of the year	27.60	25.35
Expected return on plan assets	2.21	2.02
Actuarial gains / (losses)	0.27	0.35
Benefits settled	-	(0.50)
Contributions (less risk premium)	-	0.38
Fair value of Plan assets as on March 31	30.08	27.60
C) Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognised in the balance sheet:		
Present value of obligation at the end of the year	20.13	15.33
Fair value of plan assets at the end of the year	30.08	27.60
Liability/(Asset) recognised in Balance Sheet	(9.95)	(12.27)
D) Expenses recognised in the Profit and Loss Account		
Current service cost	5.31	3.04
Interest cost	1.23	0.91
Expected return on plan assets	(2.21)	(2.02)
Actuarial (gains)/losses	(2.01)	(1.67)
Past Service Cost		1.27
Total Expenses recognised in the Profit and Loss Account included in Schedule 14 and 15	2.32	1.53
Assumptions		
Discount Rate	8.00%	8.00%
Expected rate of salary increase	8.00%	6.00%
Mortality Rate	Refer Note (v)	Refer Note (v)

GMR Power Corporation Limited**Schedule 17****Statement on Significant Accounting Policies and Notes to the Accounts**

Notes

- i) Plan assets are fully represented by balance with LIC of India
- ii) Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching government bonds.
- iii) The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- iv) As per the best estimate of the management, contribution of Rs 0.36 (March 31, 2010:Rs. 0.38) lacs is expected to be paid to the plans during the year ending March 31, 2011
- v) As per LIC (94-96) Ultimate Mortality Table

b) Defined Contribution Plans

Contribution to Provident and other funds under Generation expenses (Schedule 14) and Administration expenses (Schedule 15) are as under:

Particulars	(Rupees in Lacs)	
	March 31, 2011	March 31, 2010
Provident and Pension Fund	22.09	15.33
Superannuation Fund	5.42	5.90
Total	27.51	21.23

- c) Liability towards leave encashment based on actuarial valuation amounts to Rs.25.58 Lacs as at March 31, 2011 (March 31, 2010: Rs.10.75 Lacs)

5. The Ministry of Corporate Affairs, Government of India vide its Notification No GSR 225(E) dated March 31, 2009 has announced Companies Accounting Standards (Amendment) Rules 2009 prescribing changes to Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'.

The Company has, pursuant to the adoption of such principles of Companies (Accounting Standards) Amendment Rules 2009, exercised the option of recognising the exchange differences arising on reporting of foreign currency monetary items at rates different from those at which they were recorded earlier in the original cost of depreciable fixed assets in so far such exchange differences arose on foreign currency monetary items relating to the acquisition of a depreciable asset.

Accordingly exchange gain of Rs 146.43 lacs hitherto recognised in the Profit and Loss Account in respect of the financial year ended March 31, 2008, have been adjusted to the cost of assets by carrying out a corresponding adjustment to the opening balance of General Reserve as at April 1, 2008.

6. Details of transactions with Related Parties**a) Names of related parties and description of relationship**

(i)	Enterprises that control the Company	GMR Energy Limited (GEL), the holding Company GMR Infrastructure Limited (GIL), the holding company of GEL GMR Holdings Private Limited (GHPL), the ultimate holding company GMR Renewable Energy Ltd (GREL)
(ii)	Fellow Subsidiaries where transactions have taken place during the year	GMR Chhattisgarh Energy Limited (GCEL) GMR Aviation Private Limited (GAPL) GMR Bannerghata Properties Private Limited ((GBPPL) GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL) Raxa Security Services Limited (RSSL) GMR Varalakshmi Foundation (GVF) GMR Corporate Affairs Private Ltd(GCAPL)

GMR Power Corporation Limited

Schedule 17

Statement on Significant Accounting Policies and Notes to the Accounts

		GMR Vemagiri power Generation Ltd (GVPGL)
(iii)	Enterprises where significant influence exists	GMR Tuni – Anakapalli Expressways Pvt ltd GMR Tambaram – Tindivanam Expressways Pvt Ltd
(iv)	Key Management Personnel	Mr. Ravi Shankar - Manager till October 13, 2010 Mr. Rakesh Kohli – Manager w.e.f October 13,2010

b) Summary of transactions with the above related parties and the year end balances are as follows:

(Rupees in Lacs)

Particulars	Year Ended 31 st March	
	2011	2010
i) Payment of Logo charges		
- Enterprises that control the Company – GHPL	246.31	267.93
ii) Donations and Community Development		
- Fellow Subsidiary – GVF	120.00	120.00
iii) Security and other charges paid		
- Fellow Subsidiary – RSSL	84.96	67.84
iv) Rent paid		
- Fellow Subsidiary – GBPPL	101.38	96.13
- Fellow Subsidiary - GCAPL	2.65	-
v) Managerial Remuneration [Refer Note 15 (II)]		
- Mr. Ravi Shankar S – Manager	23.74	39.65
- Mr. Rakesh Kohli - Manager	9.94	-
vi) Inter Corporate Deposits granted		
- Fellow Subsidiary – GBHPL	-	6,700.00
- Fellow Subsidiary - GCEL	13,300.00	-
- Fellow Subsidiary – GVPGL	32,700.00	-
vii) Inter Corporate Deposit refunded		
- Fellow Subsidiary – GBHPL	6,700.00	-
- Fellow Subsidiary – GCEL	13,300.00	-
viii) Interest received on Inter Corporate Deposit and Debentures		
- Fellow Subsidiary – GBHPL	289.29	10.28
- Fellow Subsidiary – GCEL	748.59	1,505.74
- Fellow Subsidiary - GVPGL	860.65	-
ix) Investment in Debentures		
- Fellow Subsidiary – GCEL	-	20,000.00
x) Redemption of Debentures subscribed		
- Fellow Subsidiary – GCEL	13,300.00	6,700.00

GMR Power Corporation Limited
Schedule 17
Statement on Significant Accounting Policies and Notes to the Accounts

Particulars	Year Ended 31 st March	
	2011	2010
xi) Fees for utilization of Aircraft - Fellow Subsidiary – GAPL	-	52.44
Outstanding Balances		
a) Creditors/Payables [Refer Schedule 11] - Enterprises that Control the Company – GHPL	246.31	267.93
b) Inter Corporate Deposits [Refer Schedule 10] -Fellow Subsidiary – GBHPL -Fellow Subsidiary – GVPGL	- 32,700.00	6,700.00 -
c) Investment in Debentures [Refer Schedule 5] - Fellow Subsidiary – GCEL	-	13,300.00
d) Rent Deposit recoverable [Refer Schedule 9] - Fellow Subsidiary – GBPPL	154.49	154.53

Notes:

- 1) Transactions and outstanding balances in the nature of reimbursement of expenses incurred by one company on behalf of the other have not been considered above.
- 2) The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company, which has been relied upon by the Auditors.

7. A) Finance Lease:

Leasehold assets represent steam turbine generator obtained under finance lease. The lease term is 5 years after which the legal title is passed to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease agreements. There are no subleases.

(Rupees in Lacs)

Particulars	Minimum Lease Payment As at March 31, 2011	Present Value of Minimum Lease Payment As at March 31, 2011	Minimum Lease Payment As at March 31, 2010	Present Value of Minimum Lease Payment As at March 31, 2010
(i) Payable not later than 1 year	34.40	31.69	34.40	31.28
(ii) Payable later than 1 year and not later than 5 years	127.72	92.51	137.62	99.14
(iii) Payable later than 5 years	-	-	-	-
Total - (i) + (ii) + (iii)	162.12	124.20	172.02	130.42
Less : Future Finance charges	37.92	-	41.60	-
Present Value of Minimum Lease Payments	124.20	-	130.42	-

GMR Power Corporation Limited
Schedule 17
Statement on Significant Accounting Policies and Notes to the Accounts

B) Operating Lease

The Company has entered into certain operating lease agreements for office premises. An amount of Rs. 205.18 (2010: Rs. 183.86) lacs paid under such agreements has been disclosed as rent under Administration and Other expenses in the Profit and Loss Account. These agreements are cancelable in nature.

8. Earnings Per Share

Calculation of EPS – (Basic and Diluted)

Particulars	March 31, 2011	March 31, 2010
Nominal Value of Equity Shares (Rs. per share)	10	10
Weighted average number of Equity Shares outstanding during the year	247,500,000	247,500,000
Net Profit after tax (Rs. in lacs)	7,778.28	12,767.74
EPS – Basic and Diluted (Rs.)	3.14	5.16

Since the Company does not have any dilutive securities, the basic and diluted earning per share are the same

9. Deferred tax liability as per the requirements of AS-22 “Accounting for taxes on income”, as referred to in section 211(3C) of the Act, has not been recognised during the year as the aggregate timing differences as at the year end will be reversing during the tax holiday period of the Company under the provisions of Section 80-IA of the Income Tax Act, 1961.

10. Details of investments purchased and sold during the year:

Description	Purchases		Sales	
	Units (In Nos.)	Rs. (In Lacs.)	Units (In Nos.)	Rs. (In Lacs.)
Mutual Funds (Unquoted)				
Axis Liquid Fund – Institutional – Growth (Face Value of Rs. 10 each)	907,921.684 (-)	9,523.00 (-)	907,921.684 (-)	9,546.73 (-)
Birla Sun Life Savings Fund Institutional - Growth (Face Value of Rs 10 each)	77,016,543.64 (205,574,433.00)	13,520.08 (35,172.46)	77,016,543.64 (205,574,433.00)	13,576.82 (35,375.38)
Birla Sun Life Cash Plus Institutional premium - Growth (Face Value of Rs 10 each)	341,390,555.40 (314,429,962.00)	51,163.00 (45,404.00)	341,390,555.40 (314,429,962.00)	51,254.78 (45,461.98)
DSP Black Rock Liquidity Fund – Institutional Plan – Growth (Face Value of Rs. 10 each)	496,789.796 (-)	6,772.00 (-)	496,789.796 (-)	6,782.80 (-)
HDFC Cash Management Fund Treasury Advantage Plan - Wholesale - Growth (Face Value of Rs 10 each)	41,838,170.65 (91,165,712.00)	8,477.63 (18,024.71)	41,838,170.65 (91,165,712.00)	8,515.96 (18,095.68)
HDFC Liquid Fund Premium	101,162,940.80	18,809.00	101,162,940.80	18,818.82

GMR Power Corporation Limited

Schedule 17

Statement on Significant Accounting Policies and Notes to the Accounts

Description	Purchases		Sales	
	Units (In Nos.)	Rs. (In Lacs.)	Units (In Nos.)	Rs. (In Lacs.)
Plan – Growth (Face Value of Rs 10 each)	(148,695,220.00)	(26,837.83)	(148,695,220.00)	(26,906.79)
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth (Face Value of Rs 100 each)	19,091,642.09	26,335.00	19,091,642.09	26,412.31
ICICI Prudential Flexible Income Plan Premium – Growth (Face Value of Rs 10 each)	(16,313,654.00)	(22,011.26)	(16,313,654.00)	(22,027.45)
ICICI Prudential Flexible Income Plan Premium – Growth (Face Value of Rs 10 each)	2,194,139.32	3,762.03	2,194,139.32	3,801.22
IDFC Cash Fund Super Institutional Plan C – Growth (Face Value of Rs 10 each)	(8,860,439.00)	(15,006.24)	(8,860,439.00)	(15,070.10)
IDFC Cash Fund Super Institutional Plan C – Growth (Face Value of Rs 10 each)	282,972,913.10	31,970.68	282,972,913.10	32,033.76
IDFC Money Manager Fund Treasury Plan Super Institutional Plan C – Growth (Face Value of Rs 10 each)	(211,424,562.00)	(23,301.00)	(211,424,562.00)	(23,320.03)
IDFC Money Manager Fund Treasury Plan Super Institutional Plan C – Growth (Face Value of Rs 10 each)	87,211,096.92	9,582.91	87,211,096.92	9,617.10
Kotak Liquid Institutional Premium – Growth (Face Value of Rs. 10 each)	(175,256,462.00)	(18,799.46)	(175,256,462.00)	(18,924.14)
Kotak Liquid Institutional Premium – Growth (Face Value of Rs. 10 each)	36,895,787.61	7,079.86	36,895,787.61	7,106.02
LICMF Liquid Fund Growth Plan (Face Value of Rs.10 each)	(-)	(-)	(-)	(-)
LICMF Liquid Fund Growth Plan (Face Value of Rs.10 each)	1,154,960.031	198.00	1,154,960.031	198.24
Reliance Liquidity Fund Growth Option (Face Value of Rs.10 each)	(-)	(-)	(-)	(-)
Reliance Liquidity Fund Growth Option (Face Value of Rs.10 each)	39,555,141.85	5,737.00	39,555,141.85	5,748.00
Religare Liquidity Fund – Super Institutional Growth (Face value of Rs.10)	(-)	(-)	(-)	(-)
Religare Liquidity Fund – Super Institutional Growth (Face value of Rs.10)	7,560,464.82	1,000.00	7,560,464.82	1,003.14
Religare Liquidity Fund – Super Institutional Growth (Face value of Rs. 1000 each)	(-)	(-)	(-)	(-)
Religare Liquidity Fund – Super Institutional Growth (Face value of Rs. 1000 each)	101,104.80	1,357.77	101,104.80	1,360.851
SBI Magnum Insta Cash Fund Cash Option – Growth (Face Value of Rs 10 each)	(-)	(-)	(-)	(-)
SBI Magnum Insta Cash Fund Cash Option – Growth (Face Value of Rs 10 each)	21,453,819.47	4,531.00	21,453,819.47	4,540.88
Tata Liquid Super High Individual Fund – Appreciation – Growth (Face Value of Rs.10 each)	(-)	(-)	(-)	(-)
Tata Liquid Super High Individual Fund – Appreciation – Growth (Face Value of Rs.10 each)	56,871.796	1,000.00	56,871.796	1,000.18
Templeton India Treasury Management Account Super Institutional Plan – Growth (Face Value of Rs 10 each)	(-)	(-)	(-)	(-)
Templeton India Treasury Management Account Super Institutional Plan – Growth (Face Value of Rs 10 each)	314,980.585	4,465.00	314,980.585	4,480.03
UTI Liquid Cash Plan Institutional – Growth (Face Value of Rs 10 each)	(-)	(-)	(-)	(-)
UTI Liquid Cash Plan Institutional – Growth (Face Value of Rs 10 each)	1,413,238.532	21,685.00	1,413,238.532	21,723.24
UTI Treasury Advantage Fund Institutional Plan – Growth (Face Value of Rs 10 each)	(2,965,744.00)	(43,545.91)	(2,965,744.00)	(43,685.30)
UTI Treasury Advantage Fund Institutional Plan – Growth (Face Value of Rs 10 each)	523,025.698	6,497.10	523,025.698	6,524.01
UTI Treasury Advantage Fund Institutional Plan – Growth (Face Value of Rs 10 each)	(309,186.00)	(3,784.23)	(309,186.00)	(3,789.57)
Birla Sun Life Cash Manager				

GMR Power Corporation Limited

Schedule 17

Statement on Significant Accounting Policies and Notes to the Accounts

Description	Purchases		Sales	
	Units (In Nos.)	Rs. (In Lacs.)	Units (In Nos.)	Rs. (In Lacs.)
Institutional – Growth (Face Value of Rs 10 each)	- (71,453,483.00)	- (10,535.00)	- (71,453,483.00)	- (10,563.47)
Birla Sun Life Dynamic Bond Fund Retail – Growth (Face Value of Rs 10 each)	- (16,458,305.00)	- (2,500.00)	- (16,458,305.00)	- (2,517.07)
ICICI Prudential Institutional Liquid Plan - Super Institutional Growth (Face Value of Rs 10 each)	- (249,877,920.00)	- (32,977.00)	- (249,877,920.00)	- (33,195.70)
IDFC Money Manager Fund Investment Plan Institutional Plan B – Growth (Face Value of Rs 10 each)	- (36,356,758.00)	- (5,065.51)	- (36,356,758.00)	- (5,142.74)
Other Securities (Quoted)				
State Bank of India (Face Value of Rs 1,000,000 each)	-	-	-	-
Equity Shares (Quoted)				
Adani Power Limited (Face Value of Rs 10 each)	- (12,133.00)	- (12.13)	- (12,133.00)	- (12.29)
NHPC Limited (Face Value of Rs 10 each)	- (50,736.00)	- (18.26)	- (50,736.00)	- (18.36)
Debentures				
10.75% NCDs of Shriram Transport Finance Corporation Limited (Face Value of Rs 100 each)	- (522,010.00)	- (522.01)	- (522,010.00)	- (532.19)
Total		233,466.06		234,044.89
Previous Year		(303,517.01)		(304,638.22)

Notes:

1. Purchases and Sales exclude those held at year ends.
2. The sales realisation excludes dividend, if any, received on mutual funds investments.
3. Previous year's figures are in brackets.

11. There are no micro and small enterprises to which the company owes dues, or with which the Company had transactions during the year, based on the information available with the Company, which has been relied upon by the Auditors.

12. The Company is engaged in generation of power, which in the context of Accounting Standard 17 "Segment Reporting" as referred to in section 211(3C) of the Companies Act, 1956 is considered as the only segment. Hence, reporting under the requirements of the said standard does not arise

GMR Power Corporation Limited
Schedule 17
Statement on Significant Accounting Policies and Notes to the Accounts

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

I Fuel consumption

Material	March 31, 2011		March 31, 2010	
	Quantity	Amount (Rs. in lacs)	Quantity	Amount (Rs. in lacs)
Low Sulphur Heavy Stock (in MT)	173,575.51	61,109.55	226,261.99	68,012.51
Lubricants (in KL)	1,414.15	1,649.26	2,009.24	2,297.68
Others		3.69		6.06
Total		62,762.51		70,316.25

II Managerial Remuneration* (Included in Schedule 14 & 15)

(Rupees in Lacs)

Particulars	March 31, 2011	March 31, 2010
Salaries	7.92	8.85
Perquisites and other allowances	25.75	30.80
Total	33.67	39.65

* Provision for contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuation done on an overall company basis are excluded above.

III Sitting Fees:

Particulars	March 31, 2011	March 31, 2010
Sitting Fees	3.80	3.80

IV Licensed, installed capacity, actual production and sales

Particulars	March 31, 2011	March 31, 2010
Licensed capacity	Not applicable	Not applicable
Installed capacity (50hz)*	200MW	200MW
Actual production (million KWH)	907.83	1,186.62
Auxiliary consumption (million KWH)	33.21	41.95
Units sold (million KWH)	901.67	1,180.08

* As per certification of technical expert

GMR Power Corporation Limited
Schedule 17
Statement on Significant Accounting Policies and Notes to the Accounts

V CIF Value of Imports

(Rupees in Lacs)

Particulars	March 31, 2011	March 31, 2010
Fuel	9,240.91	-
Operations and maintenance spares	443.03	644.08
Total	9,683.93	644.08

VI Expenditure in Foreign Currency

(Rupees in Lacs)

Particulars	March 31, 2011	March 31, 2010
Foreign travel	12.61	-
Operations and maintenance expenditure	9,877.91	1,041.55
Interest on loans	-	-
Total	9,890.52	1,041.55

VII Consumption of raw materials, stores and spare parts and Components

(Rupees in Lacs)

Description	March 31, 2011		March 31, 2010	
	Amount (Rs. in lacs)	%	Amount (Rs. in lacs)	%
Fuel				
Indigenous	53,521.58	85.28	70,316.25	100.00
Imported	9,240.91	14.72	-	-
Total	62,762.49	100.00	70,316.25	100.00
Stores and Spare parts				
Indigenous	341.68	74.52	427.20	53.56
Imported	116.81	25.48	370.44	46.44
Total	458.50	100.00	797.64	100.00

14. Disclosure as per clause 32 of the Listing agreement of the inter corporate deposits placed with the Companies in which directors are interested

(Rupees in Lacs)

Particulars	Name of the Company	Balance as at		Maximum amount outstanding during the year	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Inter Corporate Deposit	GMR (Badrinath) Hydro Power Generation Private Limited	-	6,700.00	-	6,700.00
Inter Corporate Deposit	GMR Vemagiri Power Generation Limited	32700.00	-	32700.00	-

GMR Power Corporation Limited
Schedule 17
Statement on Significant Accounting Policies and Notes to the Accounts

15. Un-hedged foreign currency exposure for monetary items is as follows:

Currency	Payables
USD in Mn	0.00 (0.21)
Rs. in Lacs	0.00 (95.72)

Note: Previous year figures are mentioned in brackets.

16. Contingent Liabilities:

Bank Guarantees outstanding in respect of excise matters Rs.62.50 Lacs, Bank Guarantees for fellow subsidiaries Rs.2,247.50 Lacs and Corporate Guarantees given for fellow subsidiaries Rs.20,000 Lacs.

17. Other information pursuant to paragraphs 3, 4, 4-A, 4-B, 4-C and 4-D of part II of Schedule VI to the Companies Act, 1956 to the extent "Nil" or "Not Applicable" have not been furnished.

18. Previous year's figures have been regrouped and reclassified, wherever necessary to conform to those of the current year.

For Chaturvedi and Shah

Firm Registration Number: 101720W
Chartered Accountants

For and on behalf of the Board of Directors

C D Lala

Partner
Membership Number 35671
Place: Bengaluru
Date: May 09, 2011

B V N Rao
Director

Raaj Kumar
Director

Chirag Karia
Company Secretary
Place: Bengaluru
Date: May 09, 2011

CASH FLOW STATEMENT FOR THE YEAR 2010-11

(Rs. In Lacs)

Particulars	31.03.2011	31.03.2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	9,667.25	15,151.54
Adjustments for :		
Depreciation	2,726.78	2,703.49
Provision against claims recoverable/doubtful debts, etc	-	83.18
Fixed Assets written off	-	5.71
(Profit)/Loss from sale of current investments (net) - other than tr	(630.24)	(1,039.54)
(Profit)/Loss on sale of Fixed Assets	(0.54)	0.29
Interest Income	(2,642.82)	(1,978.24)
Provision no longer required written back	(0.60)	(3,032.31)
Interest and Finance charges	431.99	1,414.31
Operating Profit Before Working Capital Changes	9,551.82	13,308.43
Adjustments for :		
Changes in Trade and Other Receivables	(12,082.07)	(3,830.05)
Changes in Inventories	(277.30)	(569.39)
Changes in Trade Payables	32,174.11	6,416.83
Cash generated from Operations	29,366.56	15,325.82
Income Taxes paid	(1,821.08)	(1,790.16)
Net Cash Flow from Operating Activities	27,545.48	13,535.66
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
Purchase of Fixed Assets	(58.20)	(113.00)
Sale of Fixed Assets	0.54	
(Purchase)/Sale of Current Investments (Net)	5,936.65	(10,771.90)
Investment in Debentures (net)	13,300.00	(13,300.00)
Inter Corporate Deposit to other company	(26,000.00)	(6,700.00)
Interest Received	2,391.40	2,299.92
Net Cash from / (used in) Investing Activities	(4,429.61)	(28,584.98)
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Repayment of Long Term Borrowings	(7,026.22)	(5,460.00)
Proceeds from Short term borrowing (Net)	(997.29)	997.29
Finance Charges paid	(476.59)	(1,448.99)
Dividend paid	(4,950.00)	-
Dividend Distribution tax paid	(822.13)	-
Net Cash from/(used in) Financing Activities	(14,272.23)	(5,911.70)
Net increase in Cash and Cash Equivalents	8,843.64	(20,961.02)
Cash and Cash Equivalents at the beginning of the year	1,686.88	22,647.90
Cash and Cash Equivalents at the end of the year	10,530.52	1,686.88

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard
2. Cash and Cash equivalents as at March 31, 2011 include restricted bank balances amounting to Rs. 555.28 Lakhs. (March 31, 2010: Rs.491.34 L)
3. The above Cash flow statement has been compiled from and is based on the Balance Sheet as at March 31, 2010 and the related Profit and Loss Account for the year ended on that date.
4. Previous year's figures have been regrouped and reclassified to conform to those of the current year.

This is the Cash Flow Statement referred to in our report of even date

For Chaturvedi & Shah
Firm Registration Number: 101720W
Chartered Accountants

For and on behalf of the Board of Directors

C.D.Lala
Partner
Membership No. : 35671

B V N Rao
Director

Raaj Kumar
Director

Chirag Karia
Company Secretary

