

## AUDITORS' REPORT

TO  
The Members  
GMR Power Infra Limited,  
BANGALORE

1. We have audited the attached Balance Sheet of M/s. **GMR Power Infra Limited** ('the Company') as at March 31, 2011 and the related Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (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 in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011; and
  - (ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

for akasam & associates  
chartered accountants  
Firm Registration No. 0058325

Place : Bangalore  
Date : 02.05.2011

S. Ravi Kumar  
Partner  
Membership No. 28881

- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956, for any of the products of the Company.
- (ix) In respect of statutory dues, during the year the company has complied with statutory dues wherever applicable to it.
- (x) The Company is in the first year of its operations and reporting under this clause is not required.
- (xi) During the year the company has not availed any loans from any Banks or Financial Institutions and therefore reporting under this clause does not arise.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

Annexure to the Auditor's Report  
(Referred to in paragraph 3 of our report of even date)

(i) In respect of its fixed assets:

Since there are no fixed assets during the year, reporting under clause (i) a, b and c is not required.

(ii) In respect of its inventories:

Since there are no inventories during the year, reporting under clause (ii) a, b and c is not required.

(iii) The Company has neither taken nor granted secured or unsecured loans from or to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any major weakness in the internal control systems in respect of these areas.

(v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 to the best of our knowledge and belief and according to the information and explanations given to us:

a) In our opinion, the particulars of contracts or arrangements referred to in Section 301 that need to be entered in to the register, maintained under the said Section have been so entered.

b) In our opinion, the transactions (excluding loans reported under paragraph (iii) above) exceeding the value of Rs.5 lakhs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

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

for akasam & associates  
chartered accountants  
Firm Registration No. 01/2005

Place : Bangalore  
Date : 02.05.2011

S. Kavi Kumar  
Partner  
Membership No. 28881

**GMR Power Infra Ltd**  
**Bangalore**  
**Balance Sheet as at 31st March, 2011**

(Amount in Rs.)

Particulars	Schedule	As at 31.03.2011
<b>SOURCES OF FUNDS</b>		
<b>1. Shareholders' Funds</b>		
Share Capital	A	1,000,000
Reserves and Surplus		-
<b>2. Loan Funds</b>		
Secured Loans		-
Unsecured Loans		-
<b>3. Deferred Tax Liability (Net)</b>		
		-
<b>TOTAL</b>		<b>1,000,000</b>
<b>APPLICATION OF FUNDS</b>		
<b>1. Fixed Assets</b>		
a) Gross Block		-
b) Less: Depreciation		-
c) Net Block		-
d) Capital Work In Progress		-
<b>2. Investments</b>		
		-
<b>3. Current Assets, Loans and Advances</b>		
	B	
a) Inventories		-
b) Sundry Debtors		-
c) Cash and Bank Balances		990,987
d) Loans and Advances		-
e) Other Current Assets		-
		<b>990,987</b>
<b>4. Less: Current Liabilities and Provisions</b>		
	C	
a) Current Liabilities		384,020
b) Provisions		5,515
		<b>389,535</b>
<b>Net Current Assets</b>		<b>601,452</b>
<b>5. Miscellaneous Expenditure</b>		
	D	
(To The Extent Not Written off)		
Preliminary and Preoperative Expenses		-
Profit and Loss Account		398,548
<b>TOTAL</b>		<b>1,000,000</b>
<u>Significant Accounting Policies and Notes on Accounts</u>		F
<u>The Schedules referred to above and the notes on accounts form an integral part of the Balance</u>		

Vide our report of even date attached

For akasam and associates  
chartered accountants  
Firm Reg. No. - 005832S.

For and on behalf of the Board of Directors  
GMR Power Infra Ltd                      GMR Power Infra Ltd

S.Ravi kumar  
Partner  
M.No. 28881

Bhaskar Anand Rao  
Director

T Govindarajulu  
Director

Place: Bangalore  
Date : 2nd May' 2011

**GMR Power Infra Ltd**  
**Bangalore**  
**Profit & Loss Account for the Year ended 31st March, 2011**

(Amount in Rs.)

Particulars	Schedule	Year ended 31.03.2011
<b>INCOME</b>		
1) Income from Services and Products		-
Less: Indirect Taxes		-
Net Income from Services and Products		-
2) Other Income		-
<b>TOTAL</b>		<b>-</b>
<b>EXPENDITURE</b>		
1) Operating and Development Expenses		-
2) Payments and Benefits to Employees		-
3) Administrative and Selling Expenses	E	398,548
4) Financial Charges		-
5) Depreciation		-
6) Miscellaneous Expenses Written-off		-
<b>TOTAL</b>		<b>398,548</b>
Profit Before Taxation		(398,548)
Less: Provision for Taxation		-
a) Current Tax		-
Profit After Tax for the year		(398,548)
Balance Available for Appropriation		(398,548)
Less: Prior Period Adjustments		-
Less: Dividend		-
Less: Transfer to General Reserve		-
Balance Carried to Balance Sheet		(398,548)
Basic and diluted Earning Per Share		(3.99)
Significant Accounting Policies and Notes on Accounts	F	
The Schedules referred to above and the notes on accounts form an integral part of the Profit & Loss		

Vide our report of even date attached

For akasam and associates  
chartered accountants  
Firm Reg. No. - 005832S.

For and on behalf of the Board of Directors  
GMR Power Infra Ltd                      GMR Power Infra Ltd

S.Ravi kumar  
Partner  
M.No. 28881

Bhaskar Anand Rao  
Director

T Govindarajulu  
Director

Place: Bangalore  
Date : 2nd May' 2011

**GMR Power Infra Ltd**  
**Bangalore**

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

Particulars	(Amount in Rs.) As at 31.03.2011
<b>SCHEDULE - A</b>	
<b>SHARE CAPITAL</b>	
Authorised Share Capital	
50,00,000 Equity shares of Rs. 10/- each	<u>50,000,000</u>
Issued, Subscribed and Paid up Share Capital	
1,00,000 Equity Shares of Rs. 10/- each fully Paid-up	<u>1,000,000</u>
( out of above 99,935 Equity shares held by GMR Infrastructure Ltd)	<u><u>1,000,000</u></u>
 <b>SCHEDULE - B</b>	
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	
<b>Balances with Scheduled Banks</b>	
ING Vysya Bank	990,987
	<u>990,987</u>
 <b>SCHEDULE - C</b>	
<b>CURRENT LIABILITIES AND PROVISIONS</b>	
Other Liabilities	384,020
Provision for Audit Fee	5,515
	<u>389,535</u>
 <b>SCHEDULE - D</b>	
<b>Profit and Loss Account ( Debit Balance)</b>	
Opening Balance	-
Loss Carried from Current year Profit and Loss Account	<u>398,548</u>
	<u><u>398,548</u></u>

GMR Power Infra Ltd

Bangalore

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2010

(Amount in Rs.)

Particulars	Year ended 31.03.2011
<b>SCHEDULE - E</b>	
<b>ADMINISTRATIVE AND SELLING EXPENSES</b>	
Auditor's Remuneration	5,515
Rates & Taxes	388,220
Consultancy charges	800
Printing and Stationary	4,013
	<u>398,548</u>

**GMR Power Infra Ltd**

Bangalore

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

**I. Registration Details**

Registration No. 

P	L	C	0	5	7	2	7	2
---	---	---	---	---	---	---	---	---

Balance Sheet 

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

  
Day Month Year

State Code 

0	1
---	---

**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue	Bonus Issue	Rights Issue	Private Placement													
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>0</td><td>0</td><td>0</td></tr></table>	1	0	0	0
N	I	L														
N	I	L														
N	I	L														
1	0	0	0													

**III. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)**

TOTAL LIABILITIES	1,000	TOTAL ASSETS	1,000
Source of Funds		Application of Funds	
Paid-up Capital	1,000	Net Fixed Assets	-
Reserves & Surplus	-	Investments	-
Secured Loans	-	Net Current Assets	601
Unsecured Loans	-	Misc. Expenditure	
Deferred Tax Liability	-	Accumulated Losses	399

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover	Total Expenditure	+ -	Profit Before Tax	+ -	Profit After Tax
-	399	+	(399)	+	(399)

(Please tick appropriate box + for Profit, - for Loss)

Earning per Share (Rs.)	Dividend rate %*
-3.99	- -

\* Recommended

**V. Generic Names of Principal Products / Services of Company (as per monetary terms)**

Item Code No. 

		N	.	A		
--	--	---	---	---	--	--

Product

Description 

Maintenance and Operation of all types of Power Plants
--

For akasam and associates  
chartered accountants  
Firm Reg. No. - 005832S.

For and on behalf of the Board of Directors  
GMR Power Infra Ltd                      GMR Power Infra Ltd

S.Ravi kumar  
Partner  
M.No. 28881

Bhaskar Anand Rao  
Director

T Govindarajulu  
Director

Place : Bangalore  
Date : 2nd May' 2011

GMR Power Infra Ltd

Schedule No. - F

Statement on Significant Accounting Policies and Notes to Accounts

#### I. Significant Accounting Policies

##### **Accounting Assumptions**

These accounts have been prepared under the historical cost convention on the basis of a going concern, with revenues recognized and expenses accounted on their accrual and amounts determined as payable or receivable during the year, except those with significant uncertainties and in accordance with the applicable Accounting Standards as notified U/s 211(3C) of the Companies Act, 1956 and relevant provisions of the Companies Act, 1956

##### **Revenue Recognition**

The Company recognizes significant items of income and expenditure on accrual basis except in case of those with significant uncertainties

##### **Earnings per Share**

The earnings considered in ascertaining the company's Earning Per Share (EPS) comprise the net profit after tax less dividend (including dividend distribution tax) on preference shares, if any. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

##### **Taxes on Income**

Current tax is determined based 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 the 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 have been computed on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Other Accounting policies would be formulated in due course as and when required.

## II. NOTES TO ACCOUNTS

1. Contingent Liabilities: NIL ( Previous year NIL)
2. The Company operates in a single segment hence there are no reportable segments as per the requirements of Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.
3. In accordance with the Accounting Standards No 22 issued by the Institute of Chartered Accountants of India and followed by the company, deferred tax assets are not recognized since there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available which such deferred tax assets can be realized.
4. Related Party Transactions:
  - a) Name of Related Parties and description of relationship:

Sl.No	Description of Relationship	Name of the Related Party
(i)	Key Management Personnel	Mr. Bhaskar Anand Rao Mr. M.S Narayanan Mr. T Govindarajulu
(ii)	Holding Company	GMR Infrastructure Ltd
(ii)	Subsidiary Companies ( direct & indirect)	NIL
(iii)	Other Group Companies ( where transactions have taken place)	NIL

- b) Transactions with related Parties:

(Amount in Rs.)	
Nature of Transaction	Holding Company
Reimbursement of Expenses	
GMR Infrastructure Ltd	Rs. 3,84,020

5. Additional information pursuant to paragraph 3, 4, 4A, 4B, 4C and 4D of part II of Schedule VI of the Companies Act, 1956:

- a) Remuneration to Auditors:

(Amount in Rs.)	
Particulars	2011
Audit fees (including Service Tax)	5515
Total	5515

6. There are no dues to creditors under Micro Small Medium Enterprises Development (MSMED) Act 2006
7. No provision for income tax is required in view of the loss incurred by the company.
8. The company was incorporated on 25<sup>th</sup> Feb' 2011 and hence there are no corresponding figures for previous year.

**For Akasam & Associates**  
**Chartered Accountants**  
**Firm Regn. - 005832S**

**For and on behalf of the Board of Directors**

**S.Ravi kumar**  
**Partner**  
**M.No. 28881**

**Bhaskar Anand Rao**  
**Director**

**T. Govindarajulu**  
**Director**

Place: Bangalore  
Date: 2<sup>nd</sup> May' 2011.