

Auditors' Report

To
The Members of GMR Vemagiri Power Generation Limited

1. We have audited the attached balance sheet of GMR Vemagiri Power Generation Limited ('the Company') as at March 31, 2011 and also the profit and loss account and the cash flow statement 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 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) 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 purposes 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 those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as at 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.



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

- vi. 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:
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

S.R. Batliboi & Associates

For S.R. Batliboi & Associates
Firm Registration No: 101049W
Chartered Accountants

Sunil Bhumralkar

per Sunil Bhumralkar
Partner
Membership No.: 35141



Place : Bengaluru
Date : May 9, 2011

S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

Annexure referred to in paragraph 3 of our report of even date
Re: GMR Vemagiri Power Generation Limited (the "Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) 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) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) The Company has taken unsecured loan from two Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year (excluding interest) is Rs. 51,995.61 laes and the year-end balance of loans taken from such parties (excluding interest) is Rs. 51,995.61 laes.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (d) The loans taken are re-payable as per terms to be mutually agreed upon. As informed, the lenders have not demanded repayment of any such loan during the year, thus, there has been no default on the part of the Company. The payment of interest is as per the terms of the agreement entered between the parties.
- (iv) In our opinion and according to the information and explanations given to us, because of the unique and specialized nature of the items involved for which alternate quotations cannot be obtained, 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 and fixed assets and for the sale of electrical energy. During the course of our audit, no major weakness has been noticed in the internal control system of the Company in respect of



S.R. BATLIBOI & ASSOCIATES

Chartered Accountants

these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

- (v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered. In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, related to the generation of energy 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.
- (ix) (a) According to the information and explanations given to us and on the basis of the examination of the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance and investor education and protection fund are not applicable to the Company. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues, as applicable, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of



GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)
Balance Sheet as at March 31, 2011

(Rupees in Lacs)

	Schedules	March 31, 2011		March 31, 2010	
I. Sources of Funds					
I. Shareholders' Funds					
a) Share Capital	1	27,450.01		27,450.01	
b) Reserves and Surplus	2	199.99		199.99	
			27,650.00		27,650.00
2. Loan Funds					
a) Secured Loans	3	16,375.26		79,306.18	
b) Unsecured Loans	4	58,095.61		25,225.61	
			74,470.87		104,531.79
Total			102,120.87		132,181.79
II. Application of Funds					
1. Fixed Assets					
a) Gross Block	5	110,331.31		109,984.97	
b) Less : Accumulated Depreciation		25,602.62		19,805.91	
c) Net Block			84,728.69		90,179.06
2. Investments					
	6		1,662.70		13,786.12
3. Deferred Tax Asset (Net) [Refer Note 11 of Schedule 18 (II)]					
			4,761.21		7,418.51
4. Current Assets, Loans and Advances					
a) Inventories	7	1,033.42		319.55	
b) Sundry Debtors	8	6,134.62		6,492.29	
c) Cash and Bank Balances	9	2,137.57		290.99	
d) Other Current Assets	10	51.01		6,142.36	
e) Loans and Advances	11	1,092.38		444.01	
		10,449.00		13,689.20	
Less : Current Liabilities and Provisions					
a) Current Liabilities	12	8,037.14		5,876.34	
b) Provisions		16.09		28.15	
		8,053.23		5,904.49	
Net Current Assets			2,395.77		7,784.71
5. Profit and Loss Account					
Total			8,572.48		13,013.38
			102,120.87		132,181.79

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

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No: 1010149W
Chartered Accountants

For and on behalf of the Board of directors

BVN Rao
Chairman

Raaj Kumar
Director

Per Sunil Bhumralkar
Membership No: 35141

Pratibha Priya
Company Secretary

Place: Bengaluru
Date:

Place: Bengaluru
Date:

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)
Profit and Loss Account for the year ended March 31, 2011

(Rupees in Lacs)

Particulars	Schedules	March 31, 2011	March 31, 2010
I. Income			
Sales	13	74,396.54	76,649.66
Other Income	14	725.48	235.17
		75,122.02	76,884.83
II. Expenditure			
Generation Expenses	15	52,722.58	53,831.52
Administration and Other Expenses	16	644.46	644.94
Financial expenses	17	7,088.59	8,175.63
Depreciation/ Amortisation [Refer Note 8 of Schedule 18(III)]		5,800.55	4,745.50
		66,256.18	67,397.58
III. Profit/(Loss) Before Taxation		8,865.84	9,487.24
Provision for Taxation			
- Current Tax		1,767.63	-
- Deferred Tax		2,657.30	(7,418.51)
IV. Profit/(Loss) After Taxation		4,440.91	16,905.75
Balance brought forward from previous year		(13,013.38)	(29,919.14)
V. Balance carried to Balance Sheet		(8,572.48)	(13,013.38)
Earnings per share - Basic and Diluted [Refer Note 10 of Schedule 18(III)]		1.62	6.16

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

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No: 1010149W
Chartered Accountants

For and on behalf of the Board of directors

BVN Rao
Chairman

Raaj Kumar
Director

Per Sunil Bhumralkar
Membership No: 35141

Pratibha Priya
Company Secretary

Place: Bengaluru
Date:

Place: Bengaluru
Date:

GMK VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)
Schedules forming part of the Balance Sheet as at March 31, 2011

(Rupees in Lacs)

Schedule 1	March 31, 2011	March 31, 2010
Share Capital		
Authorised 300,000,000 (2010 : 300,000,000) Equity shares of Rs. 10 each	30,000.00	30,000.00
Issued, Subscribed and Paid up 274,500,140 (2010 : 274,500,140) Equity Shares Rs.10 each fully paid-up	27,450.01	27,450.01
(The above Equity shares are held by the Holding Company, GMR Energy Limited and its nominees)		
Total	27,450.01	27,450.01

(Rupees in Lacs)

Schedule 2	March 31, 2011	March 31, 2010
Reserves and Surplus		
Securities Premium Account	199.99	199.99
Total	199.99	199.99

(Rupees in Lacs)

Schedule 3	March 31, 2011	March 31, 2010
Secured Loans		
Term Loans		
Rupee Loans		
From Banks	-	49,087.50
From Financial Institutions	-	8,476.50
From Others	-	3,500.00
[Repayable within one year: Rs Nil Lacs (2010: Rs.1,796.00 Lacs)]		
Foreign Currency Loans		
From Banks	10,201.70	11,405.18
From Financial Institutions	6,173.56	6,837.00
[Repayable within one year: Rs 2,112.94 Lacs (2010: Rs.536.53 Lacs)]		
(Secured by way of pari passu first charge over land, Company's moveable and other assets, both present and future. Further secured by the right, title, interest, benefits, claims and demands of the Company in respect of the project agreements, executed/ to be executed, insurance policies both present and future and all right, title, interest, benefits, claims and demands of the Company in respect of monies lying to the credit of trust and retention account and other accounts. Further secured by way of pledge of 141,015,000 equity shares of the company held by the Holding Company).		
Total	16,375.26	79,306.18

(Rupees in Lacs)

Schedule 4	March 31, 2011	March 31, 2010
Unsecured Loans		
Other than short term		
From others - (from Holding Company)	19,295.61	19,125.61
(The loan carries nil rate of interest till December 31, 2010 and thereafter at 8% p.a with effect from January 1, 2011. The repayment of the loan would start from April, 2011 onwards, as mutually agreed between both the parties.)		
Inter Corporate Deposit	32,700.00	-
(Represents Inter Corporate Deposit (ICD) provided by GMR Power Corporation Limited, carrying an interest rate of 8% p.a. and is repayable after thirteen months or thereafter from the date of deposit or such other time as may be mutually agreed between the parties.)		
Suppliers Credit	6,100.00	6,100.00
(Represents an interest free loan from Larsen and Tubro which is repayable in a single installment on December 31, 2018. Larsen and Tubro may assign the credit facility including the rights, benefits and obligations on such terms acceptable to the Company and the Company may at its option convert the above facility in to fully convertible debentures at par to be issued by the Company.)		
Total	58,095.61	25,225.61

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)
Schedules forming part of the Balance Sheet as at March 31, 2011

Schedule 5

Fixed Assets

(Rupees in Lacs)

Description	Gross Block - At Cost				Depreciation/Amortisation				Net Block	
	As at April 1, 2010	Additions	Deletions/ Adjustments	As at March 31, 2011	As at April 1, 2010	For the Year	On Deletions / Adjustments	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Land	464.52	17.34	-	481.86	-	-	-	-	481.86	464.52
Buildings	11,637.64	-	67.17	11,570.47	1,499.77	388.73	-	1,888.50	9,681.97	10,137.87
Plant and Machinery	97,631.85	999.01	604.49	98,026.35	18,184.62	5,394.30	-	23,578.92	74,447.43	79,447.23
Capitalised Software	21.47	2.51	-	23.98	10.86	3.39	-	14.25	9.73	10.61
Office equipment	146.82	9.07	-	155.89	83.39	7.82	-	91.21	64.68	63.43
Furniture and fixtures	31.11	-	-	31.11	16.92	1.74	-	18.66	12.45	14.19
Vehicles	51.56	-	9.91	41.65	10.35	4.57	3.84	11.08	30.57	41.21
Total	109,984.97	1,027.93	681.57	110,331.31	19,805.91	5,800.55	3.84	25,602.62	84,728.69	90,179.06
Previous Year	118,529.21	59.89	8,604.13	109,984.97	15,062.03	4,745.50	1.62	19,805.91	90,179.06	-

Notes:

1. Fixed Assets includes Foreign Exchange fluctuations (Net) amounting to Rs. 382.55 Lacs up to March 31, 2011 (March 31, 2010: Rs. 1,054.21 Lacs).
2. Addition to Plant and machinery includes cancellation of duty drawback order received during the year 2009-10 amounting to Rs.999.01 Lacs. (Refer Note No. 8 of Schedule 18(III)).

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)
Schedules forming part of the Balance Sheet as at March 31, 2011

(Rupees in Lacs)

Schedule 6	March 31, 2011	March 31, 2010
Investments - Current		
Other than Trade - Unquoted		
(Purchased during the year)		
In Mutual Funds*		
Reliance Liquidity Fund - Growth Option (3,391,762.09 units of Rs. 10 each)	500.00	-
ICICI Prudential Liquid Super Institutional Plan - Growth (345,912.91 units of Rs. 100 each)	500.75	-
IDFC Cash Fund - Super Institutional Plan C - Growth (4,292,242.05 units of Rs. 10 each)	511.00	-
Templeton India Treasury Management Account Super Institutional Plan - Growth (10,372.97 units of Rs. 1000 each)	150.95	-
(Sold during the year)		
HDFC Liquid Fund Premium Plan - Growth (14,920,264.18 units of Rs. 10 each)	-	2,751.34
ICICI Prudential Flexible Income Plan Premium (3,130,438.38 units of Rs. 100 each)	-	5,359.58
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Growth (39,620,632.35 units of Rs. 10 each)	-	4,324.47
BSL Savings Fund Institutional - Growth (5,886,331.92 units of Rs. 10 each)	-	1,028.57
UTI Treasury Advantage Fund - Institutional Plan - Growth (26,055.36 units of Rs. 1000 each)	-	322.16
Total	1,662.70	13,786.12
* Aggregate Net Asset value of Mutual Funds as at March 31, 2011 Rs. 1,665.69 Lacs (March 31, 2010 : Rs. 13,792.13 Lacs) Refer Note 10 of Schedule 18 (III) for details of current investments (other than trade) purchased and sold during the year.		

(Rupees in Lacs)

Schedule 7	March 31, 2011	March 31, 2010
Inventories		
(At lower of Cost and Net realisable value)		
Consumables, stores and spares	1,033.42	319.55
Total	1,033.42	319.55

(Rupees in Lacs)

Schedule 8	March 31, 2011	March 31, 2010
Sundry Debtors		
(Unsecured and Considered Good unless otherwise stated)		
a) Debts outstanding for a period exceeding six months	451.18	428.02
b) Other Debts *	5,683.44	6,064.27
(Secured by Guarantee from Government of Andhra Pradesh)		
Total	6,134.62	6,492.29
*Includes Unbilled Revenue of Rs. 4,783.32 Lacs (2010: Rs. 5,094.46 Lacs)		

GMK VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)
Schedules forming part of the Balance Sheet as at March 31, 2011

(Rupees in Lacs)

Schedule 9	March 31, 2011	March 31, 2010
Cash and Bank Balances		
Cash on hand	0.61	0.48
Balances with scheduled banks		
- On Current accounts	1,136.96	290.51
- On Term Deposits	1,000.00	-
Total	2,137.57	290.99

(Rupees in Lacs)

Schedule 10	March 31, 2011	March 31, 2010
Other Current Assets		
Interest Accrued on Bank deposits	51.01	-
Claims recoverable	-	6,142.36
Total	51.01	6,142.36

(Rupees in Lacs)

Schedule 11	March 31, 2011	March 31, 2010
Loans and Advances		
(Unsecured, Considered Good)		
Loans to Employees	-	1.71
Prepaid Expenses	245.27	222.29
Deposits with Others	184.87	183.34
Advances recoverable in cash or in kind or for value to be received	662.24	36.67
Total	1,092.38	444.01
Included in Loans and Advances are:		
Dues from Companies under the same management		
GMR Bannerghatta Properties Limited	154.48	154.48

Schedule 12	March 31, 2011	March 31, 2010
Current Liabilities		
Sundry creditors		
Dues to micro and small enterprises [Refer Note 6 of Schedule 18 (III)]	-	-
Dues to other than micro and small enterprises	7,882.20	5,718.11
	7,882.20	5,718.11
Retention Money	119.31	119.31
Other liabilities	35.63	38.92
Total	8,037.14	5,876.34
Provisions		
Provision for Taxation [Net of advance tax payments]	3.15	13.10
Provision for Employee Benefits	12.94	15.05
Total	16.09	28.15

GMR VEMAGIRI POWER GENERATION LIMITED

(formerly Vemagiri Power Generation Limited)

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

(Rs in Lacs)

Schedule 13	March 31, 2011	March 31, 2010
Sales		
Income from sale of electrical energy	76,243.67	78,465.95
Less: Prompt Payment Rebate	1,847.13	1,816.29
Total	74,396.54	76,649.66

(Rs in Lacs)

Schedule 14	March 31, 2011	March 31, 2010
Other Income		
Interest income (Gross)	91.71	10.26
[Tax deducted at source - Rs. 3.30 Lacs (2010: Rs. 0.82 Lacs)]		
Profit on sale of current investments - other than trade	582.25	224.57
Gain on account of Foreign Exchange Fluctuations	50.88	-
Miscellaneous Income	0.64	0.34
Total	725.48	235.17

(Rs in Lacs)

Schedule 15	March 31, 2011	March 31, 2010
Generation Expenses		
Consumption of Fuel	45,492.70	48,084.34
Operations and Maintenance	7,106.21	5,576.73
[Includes stores and spares consumed Rs. 172.85 Lacs (2010: Rs. 118.44 Lacs)]		
Salaries, Allowances and Benefits to Operational Employees	18.01	118.28
Contribution to Provident Fund and Others	1.54	6.22
Staff welfare expenses	8.28	14.13
Repairs and Maintenance		
- Plant and Machinery	49.20	10.28
- Building	25.16	1.79
- Others	21.48	19.75
Total	52,722.58	53,831.52

GMR VEMAGIRI POWER GENERATION LIMITED

(formerly Vemagiri Power Generation Limited)

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

(Rs in Lacs)

Schedule 16	March 31, 2011	March 31, 2010
Administration and Other Expenses		
Salaries, allowances and benefits to employees	19.11	23.24
Contribution to provident fund and others	0.93	1.42
Staff welfare expenses	2.62	0.20
Rent	109.65	100.71
Repairs and Maintenance - Others	1.58	0.25
Rates and taxes	0.31	1.05
Insurance	233.54	199.12
Consultancy and other professional charges	32.37	127.96
Directors' sitting fee	3.00	2.50
Electricity charges	51.14	50.31
Remuneration to auditors		
- Audit fees	11.03	11.03
- Tax audit fees	0.83	0.83
Travelling and conveyance	2.75	4.46
Communication expenses	16.65	27.80
Donations	113.10	20.00
Loss on account of foreign exchange fluctuations	-	6.35
Loss on sale of assets	4.42	2.15
Miscellaneous expenses	41.43	65.56
Total	644.46	644.94

(Rs in Lacs)

Schedule 17	March 31, 2011	March 31, 2010
Financial Expenses		
Interest on fixed loans	5,113.53	8,078.86
Borrowing cost adjustment	445.60	-
Interest - others	1,257.25	29.91
Bank and other finance charges	272.21	66.86
Total	7,088.59	8,175.63

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)
Cash Flow Statement for the year ending March 31, 2011

(Rupees in Lacs)

Particulars	March 31, 2011	March 31, 2010
A. CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Net Profit/ (Loss) before tax and extraordinary Items	8,865.84	9,487.24
Add: Depreciation	5,800.55	4,745.50
Add: Interest and Finance Charges	7,088.59	8,175.63
Add: Loss on sale of assets	4.42	2.15
Less: Foreign exchange loss (Net)	(50.88)	-
Less: Interest income	(91.71)	(10.26)
Less: Profit on sale of investments	(582.25)	(224.57)
Operating Profit Before Working Capital Changes	21,034.56	22,175.69
Adjustments for :		
Changes in trade and other receivables	4,841.43	(4,471.89)
Change in inventories	(713.87)	(141.60)
Changes in trade payables	2,158.69	4,520.86
Cash generated from Operations	27,320.82	22,083.06
Income Taxes (paid/ refunded)	(1,775.00)	16.14
Net Cash Flow from/ (used in) Operating Activities	25,545.82	22,099.20
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES		
(Purchase)/ sale of fixed assets	(27.27)	169.76
Sale / (Purchase) of investments (net)	12,123.42	(13,415.97)
Profit on sale of investments	582.25	224.57
Interest received	91.71	10.26
Net Cash from/ (used in) Investing Activities	12,770.14	(13,011.39)
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Loss on foreign currency loan forward cover paid	(33.70)	-
Proceeds/ (Repayment) of long term debt (net)	(62,662.69)	-
Proceeds/ (Repayment) of Short term debt (net)	32,870.00	(75.00)
Bank borrowings for working capital(net)	-	(558.42)
Interest and finance charges paid	(6,642.99)	(8,175.63)
Net Cash from Financing Activities	(36,469.38)	(8,809.05)
Net increase/(Decrease) in Cash and Cash Equivalents	1,846.58	278.77
Cash and Cash Equivalents at the beginning of the year	290.99	12.22
Cash and Cash Equivalents at the end of the year	2,137.57	290.99

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 as referred to in section 211(3C) of the Companies Act, 1956.
- Previous year's figures have been regrouped and reclassified to conform to those of the current year.

As per our report of even date

For S. R. Batliboi & Associates
Firm Registration No: 1010149W
Chartered Accountants

For and on behalf of the Board of directors

BVN Rao
Chairman

Raaj Kumar
Director

Per Sunil Bhumralkar
Membership No: 35141

Pratibha Priya
Company Secretary

Place: Bengaluru

Place: Bengaluru

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

I. Background

GMR Vemagiri Power Generation Limited (formerly Vemagiri Power Generation Limited) (the Company) is engaged in the business of generation and sale of power. The Company has entered into a power purchase agreement with Andhra Pradesh State Electricity Board ('APTRANSCO') for supply of power from its 387 MW plant situated at Vemagiri East Godavari Dist. Andhra Pradesh, India.

During the previous year ended March 31, 2010, the name of the Company has been changed from Vemagiri Power Generation Limited to GMR Vemagiri Power Generation Limited.

II. Statement of Significant Accounting Policies

i. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

ii. 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 year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

iii. Fixed Assets

Fixed assets are stated at cost, 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. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

iv. Intangible Assets

Intangible assets (Computer Software) purchased by the Company, which have an estimated useful life exceeding one year, are capitalized. However, computer software where the estimated useful life is one year or less, is charged to the profit and loss account in the year of purchase.

v. Depreciation/Amortization

Depreciation is provided using the Straight Line Method at the rates and in the manner specified under the schedule XIV of the Companies Act, 1956. Fixed assets individually having an original cost of Rs. 5000 or less are fully depreciated in the year of purchase.

Intangible assets (Computer Software) having enduring benefit, as determined by the management are amortized over its useful life as mentioned above.

vi. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

vii. Leases

(a) Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(b) Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

viii. Revenue

Revenue from sale of energy is recognized on accrual basis in accordance with the provisions of the Power Purchase Agreement (PPA) and includes unbilled revenue upto the end of the accounting year.

Claims for delayed payment charges, liquidated damages, penal interest and any other claims, which the company is entitled to under the PPA, on the grounds of prudence, are accounted for in the year of acceptance.

Income from investment is recognized in the year in which it is accrued and stated at gross.

ix. Foreign currency translation

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. 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.

(iii) Exchange differences

Exchange differences, in respect of accounting periods commencing on or after 7th December, 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.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

x. Retirement and other employee benefits

a. Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

b. Gratuity liability are defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

c. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation at the year end. The actuarial valuation is done as per projected unit credit method

d. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

xi. Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at 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 certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

xii. Earnings Per Share

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

xiii. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on best 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 best estimates.

xiv. Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

III. Notes to the Accounts

1. Contingent Liabilities

Matters in respect of Income Tax in dispute on account of Interest of Rs. 3.15 Lacs on delayed remittance of Fringe Benefit Tax for Assessment Year 2007-2008 (2010 : Rs. 3.15 Lacs).

2. Employee benefits:

Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss account

Particulars	(Rs in Lacs)	
	2011	2010
Current service cost	0.20	4.21
Interest cost on benefit obligations	0.66	0.55
Expected return on plan assets	(0.84)	(0.74)
Actuarial loss/(gain) on obligations	(6.13)	(3.43)
Net benefit expense	(6.11)	0.59

Particulars	(Rs in Lacs)	
	2011	2010
Actual return on plan assets	0.94	0.97

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

Balance Sheet

Particulars	(Rs in Lacs)	
	2011	2010
Defined benefit obligation	3.02	8.30
Fair value of plan assets	11.41	10.43
Plan asset / (liability)	8.39	2.13

Changes in the present value of the defined benefit obligation

Particulars	(Rs in Lacs)	
	2011	2010
Opening defined benefit obligation	8.30	6.97
Interest cost	0.66	0.55
Current service cost	0.20	4.21
Benefits paid	(0.12)	-
Actuarial loss/(gain) on obligations	(6.02)	(3.43)
Closing defined benefit obligation	3.02	8.30

Changes in the fair value of plan assets are as follows

Particulars	(Rs in Lacs)	
	2011	2010
Opening fair value of plan assets	10.43	8.82
Expected return	0.84	0.74
Contributions by employer	0.16	0.88
Benefits paid	(0.12)	(0.17)
Actuarial gain/ (loss) on plan assets	0.10	0.16
Closing fair value of plan assets	11.41	10.43

The Company expects to contribute Rs. 2 lacs (2010: Rs 0.12 lacs) towards gratuity fund in 2011-2012.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	2011	2010
Investments with insurer managed funds	100%	100%

The principal assumptions used in determining gratuity obligation:

Particulars	(Rs in Lacs)	
	2011	2010
Discount rate	8%	8%
Expected rate of return on assets	8%	8%
Expected rate of salary increase	6%	6%
Employee turnover	5%	5%
Mortality Rate	Refer Note (iv)	Refer Note (iv)

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.

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly *Vemagiri Power Generation Limited*)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

- 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 LIC (94-96) Ultimate Mortality Table.

Defined contribution plan

Contribution to Provident and other funds under Generation expenses (Schedule 15) and Administration expenses (Schedule 16) are as under:

Particulars	(Rs in Lacs)	
	2011	2010
Provident and Pension Fund	1.79	5.06
Superannuation Fund	0.68	2.58
Total	2.47	7.64

Liability towards leave encashment based on actuarial valuation amounts to Rs 1.86 Lacs as at March 31, 2011 (2010: Rs. 4.94 Lacs)

3. 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.

4. Details of transactions with Related Parties

- a) Names of related parties and description of relationship

S. No.	Description of Relationship	Parties
(i)	Enterprises that control the Company	GMR Energy Limited (GEL), the holding Company GMR Holdings Private Limited (GHPL), the ultimate holding company
(ii)	Fellow Subsidiaries where transactions have taken place during the year	GMR Bannerghatta Properties Private Limited (formerly GMR Properties Private Limited) (GBPPL) GMR Power Corporation Limited (formerly GMR Power Corporation Private Limited) (GPCL) Raxa Security Services Limited (RSSL) GMR Varalakshmi Foundation (GMRVF) GMR Rajahmundry Energy Limited (GREL) GMR Corporate Affairs Private Limited (GCAPL)
(iii)	Key Management Personnel and their Relatives	Mr. BVN Rao – Director Mr. Mathews P – Manager (wef October 13, 2010) Mr Aruunderu Saha – Manager (resigned wef October 12, 2010)

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly *Vemagiri Power Generation Limited*)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

b) Summary of Transactions with the above related parties is as follows:

Particulars	(Rs in Lacs)	
	Year Ended	
	2011	2010
i) Unsecured Loans		
a) Enterprises that control the Company		
- Unsecured Loan received from GEL	1,470.00	1,020.00
- Unsecured Loan repaid to GEL	1,300.00	1,095.00
- Interest paid on the unsecured loan	387.84	3.76
ii) Inter Corporate Deposit		
a) Fellow Subsidiary		
- Inter Corporate Deposit received from GPCL	32,700.00	-
- Interest paid on the Inter Corporate Deposit	860.65	-
iii) Donations and Community Development		
a) Fellow Subsidiary – GMRVF	100.00	20.00
iv) Security and other charges paid		
a) Fellow Subsidiary – RSSL	22.81	94.46
v) Rent Deposit paid/(refunded)		
a) Key Managerial Personnel – Mr BVN Rao	-	0.60
vi) Rent paid		
a) Fellow Subsidiary – GBPPL	101.38	96.13
b) Fellow Subsidiary - GCAPL	2.43	-
c) Key Managerial Personnel – Mr BVN Rao	-	2.20
vii) Managerial Remuneration [Refer Note 13(II) below]		
Mr. Arunendu Saha – Manager	2.22	31.75
Mr. Mathews P – Manager	10.43	-
viii) Outstanding balance at the year end		
a) Unsecured Loans taken		
- Enterprises that control the Company – GEL	19,295.61	19,125.61
b) Inter Corporate Deposit Received		
- Fellow Subsidiary – GPCL	32,700.00	-
d) Deposit Receivable		
- Fellow Subsidiary – GBPPL	154.49	154.49
- Key Managerial Personnel – Mr BVN Rao	0.60	0.60
e) Creditors		
- Fellow Subsidiary – GREL	11.45	11.45

Notes:

- (i) 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.
- (ii) Certain enterprises that control the Company have extended guarantees/ pledged shares as security for loans taken by the Company.

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

(iii) 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.

5. The Company has entered into certain operating lease agreements and an amount of Rs. 109.65 Lacs (2010: Rs. 100.71 Lacs) has been paid during the year under such agreements and it has been disclosed as rent under Schedule 16. These agreements are cancelable in nature.

6. Particulars of Unhedged Foreign Currency Exposure at the Balance Sheet date

Particulars	Amount in USD (‘000)	Amount in INR (Lacs)
Secured Loan	36,276.60 (30,000.00)	16,375.26 (13,674.00)
Creditors	16,361.07 (6,650.68)	7,385.39 (3,031.38)

(i) Previous year figures are mentioned in brackets.

7. Based on information available with the Company, there are no suppliers who are registered as micro, small or medium enterprises under ‘The Micro, Small and Medium Enterprises Development Act, 2006’ as at March 31, 2011.
8. During the year, the Company has received an order for Cancellation of Duty drawback refund order received in FY 2009-10 amounting to Rs 999.01 Lacs. The same had been paid earlier on the import of plant and machinery and capitalised as cost of asset. Accordingly, such cancellation of refund has been adjusted to the cost of the asset and the related depreciation expense of Rs. 239.61 Lacs has been charged from the date of capitalisation till the date of cancellation of such refund, along with the current year depreciation.
9. The Ministry of Corporate Affairs, Government of India has 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 long term foreign currency monetary items at rates different from those at which they were recorded earlier, in the original cost of such 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 differences aggregating to net exchange gain of Rs. 671.66 lacs arising during the year ended March 31, 2011 (2010: Rs.1,687.11 lacs, net exchange gain) have been adjusted to the cost of the depreciable assets.

10. Earnings/(Loss) Per Share (EPS)

Particulars	2011	2010
Nominal Value of Equity Shares (Rs. per share)	10	10
Weighted average number of Equity Shares outstanding during the year	274,500,140	274,500,140
Net Profit/(Loss) after tax (Rs. In Lacs)	4,441.99	16,905.75
EPS – Basic and Diluted (Rs. per share)	1.62	6.16

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

11. a. The Company is entitled to claim tax holiday for any 10 consecutive years out of 15 years, from the year of commencement of commercial operations in 2006-07, under Section 80IA of the Income Tax Act, 1961 with regard to income from generation of power. Considering that the Company has brought forward business loss of Rs. 7,754 Lakhs and Unabsorbed depreciation of Rs. 57,941 Lakhs as at April 1, 2010 under Income Tax Act, 1961, the management, based on the projected future taxable income and tax planning strategies, expects to avail such tax holiday from the assessment year 2015-16.
- b. The management has recognised deferred tax asset/liability in respect of all the timing differences which have originated up to March 31, 2011 and are expected to reverse either before commencement of the expected tax holiday period or after the expiry of such tax holiday period.
- c. The Company had recognised deferred tax asset amounting to Rs. 14,700.14 Lacs on carry forward business loss and unabsorbed depreciation available for set-off from future taxable income before commencement of the expected tax holiday period. The management believes that there is virtual certainty, with convincing evidence, of availability of such future taxable income in view of the power pricing mechanism in the Power Purchase Agreement entered into with the Andhra Pradesh Power Distribution Companies for supply of 370MW out of the total capacity of 387.625 MW, as amended, for a period of 23 years set to expire in 2029 and the agreement entered into by the Company with Reliance Industries Limited and Niko(Neco) Limited on April 24, 2009 for supply of natural gas for a period of 5 years pursuant to allocation of natural gas from KG D-6 being made available to the Company under firm allocation basis by the Ministry of Petroleum and Natural Gas, Government of India, vide their letter dated November 18, 2009.

	(Rs in Lacs)	
d. Break up of Deferred Tax Asset (net) as follows :	2011	2010
Deferred Tax Asset arising on account of:		
Unabsorbed Depreciation	11,907.61	12,591.63
Loss Carried forward	-	2,108.51
Deferred Tax (Liability) arising on account of:		
Difference between carrying amount of fixed assets in the Financial statements and the Income Tax Return.	(7,146.40)	(7,281.63)
Net Deferred Tax Asset	4,761.21	7,418.51

12. **Details of Current Investments (other than trade and unquoted) purchased and sold during the year ended March 31, 2011**

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

Description	Purchases		Sales	
	No. of Units	Rupees in Lacs	No. of Units	Rupees in Lacs
Birla Sun Life Savings Fund Institutional - Growth (Face Value of Rs 10 each)	126.36 (504.62)	2,215.29 (8,732.08)	126.36 (504.62)	2,234.61 (8,742.43)
Birla Sunlife Cash Plus Institutional Premium-Growth (Face Value of Rs 10 each)	1,392.75 (991.79)	20,982.00 (14,399.00)	1,392.75 (991.79)	21,034.39 (14,407.84)
HDFC Cash Management Fund - Treasury Advantage Plan- Growth (Face Value of Rs 10 each)	254.50 (485.29)	5,155.91 (9,657.46)	254.50 (485.29)	5,174.22 (9,705.06)
HDFC Liquid Fund Premium Plan Growth (Face Value of Rs 10 each)	673.90 (962.22)	12,611.00 (17,442.66)	673.90 (962.22)	12,614.92 (17,467.01)
ICICI Prudential Flexible Income Plan Premium – Growth (Face Value of Rs 100 each)	26.15 (81.60)	4,500.56 (13,849.70)	26.15 (81.60)	4,518.61 (13,894.66)
ICICI Prudential Liquid Super Institutional Plan - Growth (Face Value of Rs 100 each)	168.83 (77.05)	23,392.72 (10,347.30)	168.83 (77.05)	23,463.24 (10,352.86)
IDFC Cash Fund - Super Institutional Plan C - Growth (Face Value of Rs 10 each)	1,631.54 (835.60)	18,664.96 (9,322.00)	1,631.54 (835.60)	18,738.50 (9,325.03)
UTI Liquid Cash Plan Institutional - Growth Option (Face Value of Rs 1,000 each)	6.30 (12.19)	9,735.97 (17,962.00)	6.30 (12.19)	9,760.07 (17,976.26)
UTI Treasury Advantage Fund - Institutional Plan – Growth (Face Value of Rs 1,000 each)	1.61 (2.99)	2,000.26 (3,650.39)	1.61 (2.99)	2,009.98 (3,657.61)
Kotak Liquid Institutional Premium – Growth (Face Value of Rs 10 each)	166.27 (-)	3,205.00 (-)	166.27 (-)	3,213.06 (-)
Templeton India Treasury Manage Account Super Institutional Plan – Growth (Face Value of Rs 1,000 each)	9.86 (-)	14,004.70 (-)	9.86 (-)	14,027.15 (-)
UTI Fixed Income Interval Fund – Quarterly Interval Plan -VI Growth (Face Value of Rs 1,000 each)	234.50 (-)	2,345.01 (-)	234.50 (-)	2,384.32 (-)
DSP Black Rock Liquidity Fund - Institutional Plan - Growth (Face Value of Rs 1,000 each)	3.01 (-)	4,100.00 (-)	3.01 (-)	4,104.42 (-)
SBI – Magnum Insta Cash Fund – Cash Option (Face Value of Rs 10 each)	230.93 (-)	4,900.00 (-)	230.93 (-)	4,908.01 (-)
TATA Liquid Super High Investment Fund -- Appreciation (Face Value of Rs 1,000 each)	0.24 (-)	420.00 (-)	0.24 (-)	420.66 (-)
Religare Liquid Fund - Super Institutional Growth (Face Value of Rs 10 each)	121.05 (-)	3,201.66 (-)	121.05 (-)	3,204.96 (-)
Reliance Liquidity Fund Growth Option (Face Value of Rs 10 each)	37.64 (-)	552.34 (-)	37.64 (-)	553.40 (-)

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

ICICI Prudential Institutional Liquid Plan - Super Institutional. Growth (Face Value of Rs 10 each)	-	-	-	-
	(944.54)	(12,568.00)	(944.54)	(12,590.76)
ICICI Prudential Institutional Short Term Plan - Cumulative (Face Value of Rs 10 each)	-	-	-	-
	(130.72)	(2,500.00)	(130.72)	(2,509.83)
ICICI Prudential Liquid Super Institutional Plan - Growth (Face Value of Rs 100 each)	-	-	-	-
	(68.24)	(9,268.00)	(68.24)	(9,271.44)
IDFC Money Manager Fund Treasury Plan Super Inst Plan C Grow (Face Value of Rs 10 each)	-	-	-	-
	(460.83)	(5,000.56)	(460.83)	(5,022.09)
Grand Total		131,987.38		132,364.50
Previous Year		(134,699.15)		(134,922.88)

Notes:

- (ii) Purchases and sales exclude those held at year ends.
(iii) Previous year figures are mentioned in brackets.

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 (included in Schedule 15)

Material	2011		2010	
	Quantity (in SCM)	Amount (in Rs Laacs)	Quantity (in SCM)	Amount (in Rs Laacs)
Fuel - Natural Gas	524,026,490	45,492.70	571,880,492	48,084.34
		45,492.70		48,084.34

II Managerial Remuneration * (included in Schedule 16)

Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956 (Rs in Laacs)

Particulars	Year Ended	
	2011	2010
Profit after tax	4,440.91	16,905.75
Add:		
Managerial remuneration	12.65	31.75
Provision for taxation	4,424.93	(7,418.51)
Depreciation as per Profit and Loss Account	5,800.55	4,745.50
Loss on sale of assets	4.42	2.15
Less:		
Depreciation as per section 350 of the Companies Act, 1956	5,800.55	4,745.50
Profit on sale of Investments	582.25	224.57

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly Vemagiri Power Generation Limited)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

Net Profit in accordance with Section 349 of the Companies Act,1956	8,300.66	9,296.57
Total remuneration including commission thereon		
Manager @ 5%	415.03	464.83
Total remuneration including commission paid to Manager	12.65	31.75

	(Rs in Lacs)	
Particulars	2011	2010
Salaries	11.03	23.98
Contribution to Provident Fund and others	0.81	1.76
Perquisites and other allowances	0.81	6.01
	12.65	31.75

* 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 Licensed, installed capacity, actual production and sales

	2011	2010
Licensed capacity – (in MW)*	Not Applicable	Not Applicable
Installed capacity – (in MW)*	387.625	387.625
Actual production (in millions KWH)	2,815.57	3,011.23
Auxiliary consumption(in millions KWH)	1.57	3.58
Units sold (in millions KWH)	2,814.00	3,007.65

* As certified by the management.

IV CIF value of imports

(Rs in Lacs)

	2011	2010
Capital goods	-	-
Stores and Spares	175.73	79.89

V Expenditure in Foreign Currency

(Rs in Lacs)

	2011	2010
Travelling Expenses	-	2.81
Operations and Maintenance Fees	5,971.04	4,525.66
	5,971.04	4,528.47

GMR VEMAGIRI POWER GENERATION LIMITED
(formerly *Vemagiri Power Generation Limited*)

Schedule 18

Statement on Significant Accounting Policies and Notes to the Accounts

VI Consumption of raw materials, stores and spare parts

(Rs in Lacs)

Description	2011		2010	
	Amount (in Rs Lacs)	%	Amount (in Rs Lacs)	%
Fuel				
Indigenous	45,492.70	100	48,084.34	100
Total	45,492.70	100	48,084.34	100
Stores and Spare parts				
Indigenous	151.47	88	115.92	80
Imported	21.25	12	29.00	20
Total	172.72	100	144.92	100

14. Additional information pursuant to paragraphs 3, 4, 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.
15. The figures of previous year were audited by a firm of Chartered Accountants other than S.R.Batliboi & Associates. Previous year's figures have been regrouped where necessary to conform to this year's classification.

As per our report of even date

For S R Batliboi and Associates

Firm Registration No: 1010149W
Chartered Accountants

For and on behalf of the Board of Directors

Per Sunil Bhumralkar
Membership No: 35141

BVN Rao
Chairman

Raaj Kumar
Director

Prathibha Priya
Company Secretary

Place: Bengaluru
Date:

Place: Bengaluru
Date: