

AUDITORS' REPORT

TO THE MEMBERS OF GMR ENERGY TRADING LIMITED

We have audited the attached Balance Sheet of **GMR ENERGY TRADING LIMITED** ('the Company') as at 31st March 2012 and the Statement of Profit and Loss and Cash Flow Statement, annexed thereto for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations which to the best of Our Knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of the books.
3. The said Balance Sheet, the statement of Profit & Loss & the cash flow statement are in agreement with books of account.
4. In our opinion, the Balance Sheet, the statement of Profit & Loss & the cash flow statement complies with the mandatory Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956, and
5. On the basis of written representations received from the directors as at 31st March 2012 and taken on record by the board of directors, we report that none of the directors is disqualified as at 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act,1956.



**GIRISH
MURTHY & KUMAR**
Chartered Accountants

In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, together with and subject to notes annexed thereto, give the information required, and give a true and fair view:

- a. In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2012; and
- b. In the case of the statement of Profit & Loss, of the profit earned during the year ended on that date
- c. In case of the Cash Flow Statement, of the cash flows for the year ended on that date

PLACE : BANGALORE

DATE : 14.05.2012

FOR GIRISH MURTHY & KUMAR
Chartered Accountants

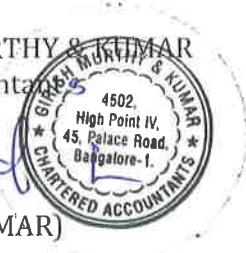
A.V. Satish Kumar

(A.V SATISH KUMAR)

Partner

Membership No: 026526

FRN No: 000934S



In Respect of GMR Energy Trading Limited

ANNEXURE TO THE AUDITORS' REPORT

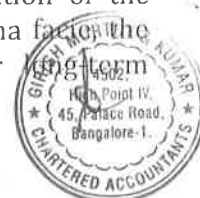
As required by the Companies (Auditors report) order, 2003 issued by the Company Law Board and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of our audit, we report that: -

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- ii) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion is reasonable having regard to the size of the Company and nature of business. Pursuant to the programme, the management has physically verified the fixed assets during the financial year immediately preceding the last financial year and there were no material discrepancies between the book records and the physical inventory. No substantial parts of the Fixed Assets have been disposed during the year.
- iii) Since the Company is doing Power Trading business, need to hold stocks of finished goods, stores, spare parts and raw material during/at the year end are not applicable.
- iv) The Company has taken loans from a company listed in the register maintained under section 301 of the Companies Act, 1956 during the year in respect of which maximum amount of outstanding is Rs.50lakhs and the year end balance is Rs.NIL. However the terms and conditions of such loan are not prejudicial to the interests of the company
- v) The Company has not granted any loans, secured or unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the Companies act 1956.
- vi) In our opinion, for the purchase of fixed assets and electrical energy there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business. Further we have not noticed any evidence of persisting failures to correct major weakness in internal control.
- vii) In our opinion and according to the information and explanations given to us the Company has entered into any contract falling under Section 297 and particulars of transaction have been entered in the Register in pursuance of section 301 of the act. Further in respect of such contracts exceeding Rs five lakh in respect of every party, transactions were made at prevailing market prices at the relevant time.
- viii) The Company has not accepted deposits from the public during the year to which the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under are applicable.
- ix) In our opinion, the Company's present Internal Audit system is commensurate with the size and nature of its business.



**GIRISH
MURTHY & KUMAR**
Chartered Accountants

- x) The central government has not prescribed the maintenance of cost records by the companies under section 209(i)(d) of the Companies act, 1956.
- xi) According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in payment of undisputed statutory dues including income tax, Provident fund, service tax, cess and other material statutory dues as applicable with appropriate authorities. We are informed by the Company that the provisions of Employee state insurance scheme, investor education and protection fund, sales tax, excise, customs are not applicable
- xii) According to the information and explanations given to us and the records of the Company examined by us there are no undisputed/disputed amounts payable in respect of income tax, Provident fund, service tax cess as at 31st march 2012, which are outstanding for a period of more the than six months from the date they become payable.
- xiii) The Company has not granted any loans/advances on the basis of security by way of shares, debenture etc. As such no records and documents have been maintained.
- xiv) The Company has no accumulated losses as at March 31, 2012 and has not incurred any cash loss during the year and in the immediately preceding financial year.
- xv) According to the records of the Company examined by us and information and explanations given to us, the Company has not defaulted in repayment of any dues to any financial institutions or bank as the balance sheet date.
- xvi) In our opinion and according to the information and explanations given to us. And on overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xviii) In our opinion, the Company is not dealing or trading in shares, debentures and other investments and as such no records have been maintained.
- xix) We have been informed by the Company that it has not given any guarantee for any loans taken by the others from banks and financial institutions.
- xx) In our opinion, and on the basis of our examination and according to the information and explanations given to us, on an overall examination of the balance sheet of the Company, we report that during the year, prima facie the Company has not used funds raised on short- term basis for investment. .



**GIRISH
MURTHY & KUMAR**
Chartered Accountants

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

PLACE: BANGALORE

DATE: 14.05.2012

FOR GIRISH MURTHY & KUMAR
Chartered Accountants



(A.V SATISH KUMAR)

Partner

Membership No: 026526

FRN No: 000934S

