

Annexure-6

91

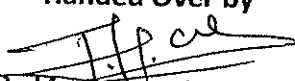
MAHARASHTRA INDUSTRIAL DEVELOPMENT CORPORATION
(A Government of Maharashtra Undertaking)

POSSESSION RECEIPT

I, **D H CHANDANE**, Surveyor on behalf of the Maharashtra Industrial Development Corporation (MIDC) and **Shri B S Prasad**, Plant Director on behalf of M/s. Vidarbha Industries Power Limited for this day respectively handed over and taken the possession of plot / Corridor (RoW) for 220 KV double circuit transmission line from VIPL Switchyard to MSETCL's Butibori-I Substation i.e. CRD-5 admeasuring 31,500 sq. mtrs. in MIDC Industrial Area, Butibori, Dist- Nagpur after showing actual measurement and demarcation of plot / corridor on the site.

Though the physical possession of plot / corridor no. CRD - 5 is handed over today on dt. 04/01/2012, the Legal title to the plot / corridor shall be passed on to the allottee only after the legal documents as prescribed by MIDC, are duly completed and titling conferred by the allottee and the competent officer in MIDC, and this possession receipt by itself does not pass on the legal title of the plot / corridor to the person to whom the plot is handed over. [Although it has been permitted to take the transmission line over the 45.00 mtr MIDC road, the rights of the road (including maintenance etc.) will remain with MIDC.]

Handed Over by


D. H. CHANDANE
Surveyor
M.I.D.C. NAGPUR



Taken Over By

For Vidarbha Industries Power Ltd.


B. S. Prasad **Authorised Signatory**

M/s. Vidarbha Industries Power Limited

Place: NAGPUR

Date: 04/01/2012

Annexure-7

01c

Auditors' Report
To the Members of Vidarbha Industries Power Limited

1. We have audited the attached Balance Sheet of Vidarbha Industries Power 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 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, 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 Act;
 - (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, 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 Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, 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;
 - (ii) In the case of the Profit and Loss Account, of the loss 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
 Firm Registration Number: 101720W
 Chartered Accountants

Vijay Napawaliya
Vijay Napawaliya
 Partner
 Membership Number: 109859

Place: Mumbai
 Date: May 25, 2011



For Price Waterhouse
 Firm Registration Number: 301112E
 Chartered Accountants

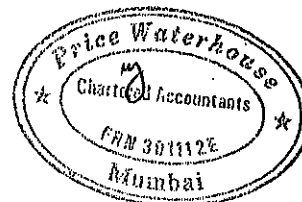
U. A. Shah
Uday Shah
 Partner
 Membership Number: 46061

Place: Mumbai
 Date: May 25, 2011

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Vidarbha Industries Power Limited on the financial statements for the year ended March 31, 2011

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 3 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, no assets have been disposed off by the Company during the year.
 2. (a) 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 Act.
 - (b) 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.
 3. 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 fixed assets. 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.
 4. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
 5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
 6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
 7. The Central Government of India pursuant to the Cost Accounting Records (Electricity Industry) Rules, 2001 ('Rules') has prescribed maintenance of cost records prescribed under clause (d) of sub-section (1) of Section 209 of the Act to the Company. However, the Rules are not applicable to the Company, as the Company has not started commercial operations.
 8. (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 regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- Further since the Central Government of India has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, and excise duty were in arrears, as at March 31, 2011 for a period of more than six month from the date they become payable.
 - (c) 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 and cess which have not been deposited on account of any dispute.

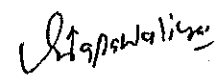


Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Vidarbha Industries Power Limited on the financial statements for the year ended March 31, 2011
Page 2 of 2

9. The Company has accumulated losses which are more than fifty percent of its net worth and it has incurred cash losses in the current year and previous year. The Company has not yet started commercial operations. Refer Note 6 of Schedule 9 of the financial statements.
10. 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 and bank as at the balance sheet date. As at balance sheet date there are no dues to debenture holders.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. 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 during the year.
15. On the basis of review of utilisation of funds pertaining to term loans on an overall basis and related information as made available to us, the term loans taken by the Company have been applied, for the purpose for which they are obtained except for External Commercial Borrowings of Rs. 1,252,164,333 and Rupee Term Loans of Rs. 375,031,068 which is temporary deposited with a bank in a Current account and invested in mutual funds.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanation given to us, there are no funds raised on a short term basis which have been used for long term purposes except for Rs. 1,434,855,969 which has been utilised for capital expenditure.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not issued any debentures during the year.
19. The Company has not raised any money by public issues during the year.
20. During the course of our 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 neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
21. Clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

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



Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: May 25, 2011



For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 25, 2011

Vidarbha Industries Power Limited
Balance Sheet as at March 31, 2011

	Schedule	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
Sources of Funds			
Shareholders' Funds			
Share Capital	1	500,000	500,000
Share Application Money	1A	4,741,460,000	3,367,860,000
Loan Funds			
Secured Loans	2	6,525,716,195	264,500,000
Unsecured Loans	3	971,437,184	250,000,000
		<u>12,239,113,379</u>	<u>3,882,860,000</u>
Application of Funds			
Fixed Assets			
Gross Block	4	558,083,000	327,319,064
Less: Depreciation		<u>9,284,008</u>	<u>4,518,501</u>
Net Block		548,798,992	322,800,563
Capital Work-in-Progress	5	<u>11,471,362,569</u>	<u>3,520,288,992</u>
		12,020,161,561	3,843,089,555
Investments	6	44,198,973	111,211,906
Current Assets, Loans and Advances	7		
Bank Balances		1,593,296,428	3,578,136
Other Current Assets		<u>379,645</u>	<u>-</u>
Loans and Advances		<u>56,491,254</u>	<u>19,299,399</u>
		1,650,167,327	22,877,535
Less: Current Liabilities and Provisions	8		
Current Liabilities		1,505,509,580	118,549,906
Provisions		<u>2,563,229</u>	<u>686,850</u>
		<u>1,508,072,809</u>	<u>119,236,756</u>
Net Current Assets		142,094,518	(96,359,221)
Profit and Loss Account		32,658,327	24,917,760
		<u>12,239,113,379</u>	<u>3,882,860,000</u>
Notes forming part of the Financial Statements	9		

The Schedules referred to herein above form an integral part of the Financial Statements.

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

For Chaturvedi & Shah
 Firm Registration No :101720W
 Chartered Accountants

Vijay Napawaliya
 Partner
 Membership No. : 109859

For Price Waterhouse
 Firm Registration No :301112E
 Chartered Accountants

U. A. Shah

Uday Shah
 Partner
 Membership No. : 46061

Place: Mumbai
 Date: May 25, 2011



For and on behalf of the Board

N Venugopala Rao
 Director



V K Reddy
 Director

Place: Mumbai
 Date: May 25, 2011

Vidarbha Industries Power Limited
Profit and Loss Account for the year ended March 31, 2011

Schedule	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Income		
Exchange Gain (net) (Refer Note 4 (b) of Schedule 9)	30,653,617	103,340
Interest Income	17,536	-
	<u>30,671,153</u>	<u>103,340</u>
Expenditure		
Expenditure on assets not owned by the Company	38,400,000	-
Stamp duty and Filing Fees	8,388	32,238
	<u>38,408,388</u>	<u>32,238</u>
Profit / (Loss) before Taxation	(7,737,235)	71,102
Provision for Taxation	-	12,084
Provision for Taxation for earlier Years	3,332	-
Profit / (Loss) after Taxation	(7,740,567)	59,018
Balance of Profit / (Loss) brought forward from previous year	(24,917,760)	(24,976,778)
Balance carried to Balance Sheet	<u>(32,658,327)</u>	<u>(24,917,760)</u>
Earnings/(Loss) per Share - Basic	(154.81)	1.18
- Diluted	-	0.01
(Refer Note 10 of Schedule 9)		

Notes forming part of the Financial Statements

9

The Schedules referred to herein above form an integral part of the Financial Statements.

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

For Chaturvedi & Shah
Firm Registration No :101720W
Chartered Accountants

Vijay Napawaliya

Vijay Napawaliya
Partner
Membership No. : 109859



For Price Waterhouse
Firm Registration No :301112E
Chartered Accountants

U. A. Shah

Uday Shah
Partner
Membership No. : 46061

Place: Mumbai
Date: May 25, 2011

For and on behalf of the Board

N Venugopala Rao

N Venugopala Rao
Director

V K Reddy

V K Reddy
Director



Place: Mumbai
Date: May 25, 2011

Vidarbha Industries Power Limited
Cash Flow Statement for the year ended March 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
A Cash Flow from / (used in) Operating Activities		
Profit / (Loss) before Taxation	(7,737,235)	71,102
Less: Interest Income	(17,536)	-
Less: Unrealised exchange Gain	(26,162,029)	-
Net Cash flow used in Operating Activities	(33,916,800)	71,102
B Cash flow from / (used in) Investing Activities		
Purchase of Fixed Assets	(5,574,359,840)	(462,676,409)
(Including Capital Work-In-Progress)		
Advance against EPC Contract	(1,115,724,082)	(1,000,000,000)
Taxes Paid	(1,688,519)	-
Income Tax Refund	42,584	-
Purchase of Investments	(1,557,169,797)	(351,200,000)
Sale/Redemption of Investments	1,624,631,263	239,988,095
Dividend Income on Mutual Funds	4,999,819	1,156,313
Interest Income	17,536	-
Net Cash flow used in Investing Activities	(6,619,251,036)	(1,572,732,001)
C Cash flow from / (used in) Financing Activities		
Proceeds from share application money	1,373,600,000	1,130,810,000
Proceeds from Secured Loans (net off repayment)	6,326,386,795	264,500,000
Proceeds from Unsecured Loans (net off repayment)	734,220,281	250,000,000
Interest and Finance Charges	(191,320,948)	(75,639,351)
Net Cash flow from Financing Activities	8,242,886,128	1,569,670,649
Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	1,589,718,292	(2,990,250)
Opening Balance of Cash and cash equivalents		
Bank Balance with Scheduled Bank - Current Accounts	3,578,136	6,568,386
Closing Balance of Cash and Cash equivalents		
Bank Balance with Scheduled Bank - Current Accounts	1,582,996,428	3,578,136
Fixed Deposit	10,300,000	-

Previous year figures have been regrouped and recast wherever necessary to the current year classification.

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

For Chaturvedi & Shah
Firm Registration No :101720W
Chartered Accountants

Vijay Napawaliya

Vijay Napawaliya
Partner
Membership No. : 109859

For Price Waterhouse
Firm Registration No :301112E
Chartered Accountants

U. A. Shah

Uday Shah
Partner
Membership No. : 46061

Place: Mumbai
Date: May 25, 2011



For and on behalf of the Board

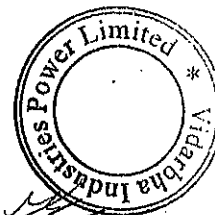
N Venugopala Rao

N Venugopala Rao
Director

V K Reddy

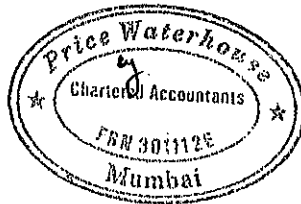
V K Reddy
Director

Place: Mumbai
Date: May 25, 2011



Vidarbha Industries Power Limited
Schedules Annexed to and forming part of the Financial Statements

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
Schedule 1 - Share Capital		
(a) Authorised:		
150,000,000 (Previous Year 150,000,000) Equity Shares of Rs. 10 each	1,500,000,000	1,500,000,000
850,000,000 (Previous Year 850,000,000) Preference Shares of Rs. 10 each	8,500,000,000	8,500,000,000
	<u>10,000,000,000</u>	<u>10,000,000,000</u>
(b) Issued, Subscribed and Paid-up :		
50,000 Equity Shares of Rs. 10 each fully paid-up (Of the above 49,994 shares are held by Reliance Power Limited, the holding Company and 6 Shares are jointly held by Reliance Power Limited and its nominees.)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Schedule 1A - Share Application Money		
Share Application Money Pending Allotment	4,741,460,000	3,367,860,000
	<u>4,741,460,000</u>	<u>3,367,860,000</u>
Schedule 2 - Secured Loans		
Term Loan from Banks*	1,726,500,000	264,500,000
Interest accrued and due*	4,747,410	-
External Commercial Borrowing*	4,331,050,000	-
Buyers Credit*	463,418,785	-
*(Refer Note 7 of Schedule 9)		
	<u>6,525,716,195</u>	<u>264,500,000</u>
Schedule 3 - Unsecured Loans		
Short Term		
Buyers Credit	971,437,184	-
Loan from Bank (Repayable within one year Rs. 971,437,184 (USD 21,756,712) (Previous year Rs. 250,000,000))		250,000,000
	<u>971,437,184</u>	<u>250,000,000</u>



Vidarbha Industries Power Limited
Schedules Annexed to and forming part of Financial Statements

Schedule 4 : Fixed Assets

Particulars	Gross Block (at cost)		Depreciation/ Amortisation			Net Block		Rupees
	As at April 1, 2010	Additions during the Year	As at March 31, 2011	Up to March 31, 2010	For the Year	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
Freehold Land (Refer Note 1)	81,596,438	204,532,892	283,129,330	-	-	-	283,129,330	81,596,438
Leasehold Land (Refer Note 2)	233,915,000	4,839,730	238,754,730	3,175,444	2,501,324	5,676,768	233,077,962	230,739,556
Building	-	21,286,166	21,286,166	-	696,048	696,048	20,590,118	-
Plant and Machinery	1,980,927	1,935,295	3,916,222	105,029	148,492	253,521	3,662,701	1,875,898
Furniture, Fixtures and Office Equipments	2,564,452	290,019	2,854,471	534,990	301,383	836,373	2,018,098	2,029,462
Computers	5,704,557	879,834	6,584,401	600,681	970,280	1,570,961	5,013,440	5,103,886
Motor Vehicles	1,557,680	-	1,557,680	102,357	147,980	250,337	1,307,343	1,455,323
Total	327,319,064	230,763,936	558,083,000	4,518,501	4,765,507	9,284,008	548,798,992	322,800,563
Previous Year	112,194,648	215,124,416	327,319,064	2,129,511	2,388,990	4,518,501	322,800,563	-

Notes:-

- 1) It includes 51.952 acres of Land amounting to Rs. 81,290,130, which has been capitalised based on advance possession received, however conveyance deed with respect to the same is pending execution.
- 2) It includes 76.35 acres of Land amounting to Rs. 128,586,730, which has been capitalised based on advance possession received from Maharashtra Industrial Development Corporation on payment of all the dues, however execution of lease deed in respect of the same is pending.

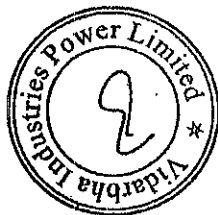


Vidarbha Industries Power Limited
Schedules Annexed to and forming part of Financial Statements

Schedule 5 - Capital Work-In-Progress

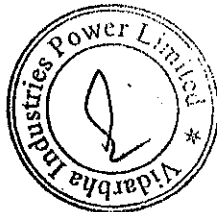
Rupees

	As at April 1, 2010	Incurred during the year	Capitalised/ Adjusted	As at March 31, 2011
A. Assets under Construction	684,903,704	5,564,405,654	22,722,211	6,226,587,147
B. Incidental expenditure pending allocation / capitalisation				
Interest and Finance Charges	77,887,036	227,900,575		305,787,611
Electricity Expenses	323,084	328,920	-	652,004
Rent	1,411,200	1,021,738	-	2,432,938
Repairs and Maintenance at Site	1,307,265	367,151	-	1,674,416
Employee Cost				
- Salaries, Bonus and Other allowances	31,572,436	34,185,506	-	65,757,942
- Contribution to Provident and Other Funds*	1,851,719	1,469,684	-	3,321,403
- Gratuity and Leave Encashment*	1,270,628	2,977,179	-	4,247,807
* Refer Note 8 of Schedule 9				
Staff Welfare	1,258,322	2,421,913	-	3,680,235
Depreciation	4,518,501	4,765,507	-	9,284,008
Insurance Charges	5,331,512	13,429,574	-	18,761,086
Rates and Taxes	152,805,594	5,954,582	-	158,760,176
Advertisement Expenses	3,528,748	194,483	-	3,723,231
Bank and Corporate Guarantee Charges	1,416,373	13,939,753	-	15,356,126
Communication Expenses	847,329	733,966	-	1,581,295
Fringe Benefit Tax	940,000	(344,397)	-	595,603
Legal and Professional Charges (Including shared service charges)	72,182,278	50,274,661	-	122,456,939
Printing and Stationary	297,738	223,966	-	521,704
Site Expenses	616,101	11,391,862	-	12,007,963
Travelling and Conveyance	6,887,812	8,145,246	-	15,033,058
Miscellaneous Expenses	10,891,556	6,453,208	-	17,344,764
	377,145,232	385,835,077	-	762,980,309
Exchange Differences (net) (Refer Note 4 (a) of Schedule 9)	6,831	60,029,980	-	60,036,811
Interest on Fixed Deposit (Tax Deducted at Source Rs. 42,183)	-	421,828	-	421,828
Dividend Income on Mutual Funds - Current Investment - Non Trade	1,156,313	4,999,819	-	6,156,132
Gain on sale/redemption of Mutual Funds - Current Investment- Non Trade	-	448,533	-	448,533
Miscellaneous Income	-	110,708	-	110,708
	1,163,144	66,010,868	-	67,174,012
Less: Provision for Taxes	-	150,000	-	150,000
	1,163,144	65,860,868	-	67,024,012
Total	375,982,088	319,974,209	-	695,956,297
C. Construction Stores	151,962,497	1,279,076,532	745,620,188	685,418,841
D. Advance against capital contracts				
Land	2,307,440,703	1,137,543,938	(305,715,643)	3,750,700,284
Advance towards EPC Contract	3,684,640	21,819,856	13,751,140	11,753,356
	2,303,756,063	1,115,724,082	(319,466,783)	3,738,946,928
E. Intangible Asset under Development		112,700,000	-	112,700,000
Total (A+B+C+D+E)	3,520,288,992	8,413,700,333	462,626,756	11,471,362,569
Previous Year	2,228,145,620	1,838,117,086	545,973,714	3,520,288,992



Vidarbha Industries Power Limited
Schedules Annexed to and forming part of the Financial Statements

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
Schedule 6 - Investments		
Current (Quoted) - Non Trade - Fully Paid-Up		
Reliance Money Manager - Growth Option		111,211,906
Nil (Previous Year 88,644.22) units of Face value of Rs. 1,000 each		
Market Value - Nil (Previous Year Rs. 111,237,843)		
Reliance Liquidity Fund - Growth Option	44,198,973	-
2,993,861.323 (Previous Year Nil) Units of face value Rs.10 each.		
Market Value Rs. 44,212,445.86 (Previous Year - Nil)		
	<u>44,198,973</u>	<u>111,211,906</u>
Schedule 7 - Current Assets, Loans and Advances		
Bank Balances		
Balances with Scheduled Bank		
- Current Accounts	1,582,996,428	3,578,136
- Fixed Deposit	10,300,000	-
	<u>1,593,296,428</u>	<u>3,578,136</u>
Other Current Assets		
Interest accrued on Fixed Deposit	379,645	-
	<u>379,645</u>	<u>-</u>
Loans and Advances (Unsecured and Considered Good)		
Advances recoverable in cash or in kind or for value to be received	21,002,765	2,562,627
Prepaid Expenses	17,276,410	12,105,109
Deposits	16,329,163	4,631,663
Advance Income Tax (Net of Provision for Tax of Rs. 745,603)	1,882,916	-
	<u>56,491,254</u>	<u>19,299,399</u>
	<u>1,650,167,327</u>	<u>22,877,535</u>
Schedule 8 - Current Liabilities and Provisions		
Current Liabilities:		
Sundry Creditors (Refer Note 13 of Schedule 9)	783,015,305	31,818,881
Retention on Contracts	639,199,125	79,868,424
Interest Accrued but not due on Loans	24,609,280	-
Other Liabilities	58,685,870	6,862,601
	<u>1,505,509,580</u>	<u>118,549,906</u>
Provision:		
Provision for Leave Encashment and Gratuity (Refer Note 8 of Schedule 9)	2,563,229	674,766
Provision for Income Tax	-	12,084
	<u>2,563,229</u>	<u>686,850</u>
	<u>1,508,072,809</u>	<u>119,236,756</u>



Vidarbha Industries Power Limited
Schedules annexed to and forming part of the Financial Statements

Schedule 9: Notes forming part of Financial Statements

1. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211 (3C) of the Act, read with Companies (Accounting Standards) Rules, 2006.

(b) Use of Estimates

The preparation and presentation of financial statements requires estimates and assumptions to be made that affects the reported amount of assets and liabilities and disclosures of contingent liabilities as on date of the financial statement and reported amount of revenue and expenses during the reporting period. Differences between the actual result and estimates are recognised in the period in which results are known/ materialised.

(c) Revenue Recognition

Profit on sale/redemption of investments is accounted on sale/redemption of such investments. Income from mutual fund scheme having the fixed maturity plans is accounted on declaration of dividend or on maturity of such investments. Dividend on Investments is accounted when the right to receive payment is established in the entity's favour.

(d) Foreign Currency Transactions

- (i) Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Profit and Loss Account.

In respect of long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) Amendment Rules, 2009 i.e. to adjust the cost of the asset towards the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded, in so far as they relate to depreciable capital asset and depreciating the same over the balance life of the asset.

- (ii) Non -Monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

(e) Fixed Assets and Capital Work-in-progress

Tangible Assets

- (i) The gross block of fixed assets is stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.
- (ii) All project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / attributable to construction of project, borrowing cost incurred prior to the date of commercial operation and trial run expenditure are shown under Capital Work-in-Progress. These expenses are net of recoveries and income (net of tax) from surplus funds arising out of project specific borrowings.
- (iii) Construction stores have been valued at weighted average cost.

(f) Intangible Assets

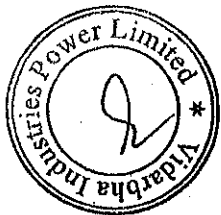
- (i) Intangible Assets are recognised where it is probable that the future economic benefit attributable to the asset will flow to the Company and its cost can be reliably measured.
- (ii) Expenditure incurred / Advance paid on acquisition of intangible assets which is not put to use at the reporting date is disclosed under Capital Work-in Progress as Intangibles under development.

(g) Depreciation / Amortisation

Fixed assets are depreciated under the straight line method as per the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956. Leasehold land is being amortised over the period of lease from the date of advance possession or the date of execution of lease deed, whichever is earlier.

(h) Investments

Long-term investments are stated at cost less provision for diminution other than temporary, if any, in the value of such investments. Current investments are valued at lower of cost and fair value.



Vidarbha Industries Power Limited
Schedules annexed to and forming part of the Financial Statements

Schedule 9 : Notes forming part of Financial Statements (Continued)

(i) Employee Benefits

- (i) Short term employee benefits:
All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Profit and Loss Account/Capital Work-in-progress, as applicable
- (ii) Defined Contribution Plans:
Contributions to defined contribution schemes such as provident fund, superannuation, etc charged off to the Profit and Loss account/Capital Work-in-progress, as applicable, during the year in which the employee renders the related service.
- (iii) Defined Benefit Plans:
The Company also provides employee benefits in the form of gratuity and leave encashment, the liability for which is determined by Independent actuaries based on actuarial valuation using the projected unit credit method as at the year end. Such defined benefits are charged off to the Profit and Loss Account/Capital Work-in-progress, as applicable. Actuarial gains and losses are recognized immediately in the Profit and Loss Account /Capital Work-in-progress, as applicable.

(j) Borrowing Cost

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily take substantial period of time to get ready for its intended use. All other borrowings costs are charged to revenue.

(k) Accounting for Taxes on Income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

(l) Provisions

Provisions are recognised when the Company has a present obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

(m) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account

2. Capital Commitments:

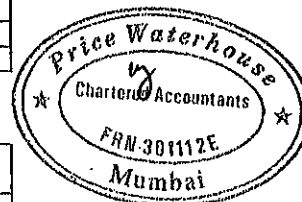
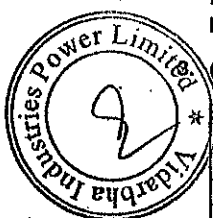
Estimated amount of contracts (net of capital advance) remaining unexecuted on capital account and not provided for Rs. 16,005,873,606 (Previous Year Rs. 25,149,232,054).

(a) Details of remuneration to auditors:

Particulars	Rupees	
	Year ended March 31, 2011	Year ended March 31, 2010
As Statutory Auditor	2,400,000	550,000
For Other Services	-	132,548
Out of Pocket Expenses	20,760	8,514
	2,420,760	691,062

(b) CIF Value of Imports

Particulars	Rupees	
	Year ended March 31, 2011	Year ended March 31, 2010
Capital Goods	2,150,154,121	2,059,921



Vidarbha Industries Power Limited
Schedules annexed to and forming part of the Financial Statements

Schedule 9 : Notes forming part of Financial Statements (Continued)

(c) Details of expenditure in foreign currency (Accrual basis)

Particulars	Rupees	
	Year ended March 31, 2011	Year ended March 31, 2010
Finance Charge	101,514,374	-
Interest on Loans	27,133,688	-
Others	6,845,581	-
Legal Fees	-	401,046
	135,493,643	2,460,967

4. Exchange differences on foreign currency monetary items:

- (a) The Company has availed the option available with respect to accounting for exchange difference arising on long term foreign currency monetary items by the Companies (Accounting Standards) Amendment, Rules, 2009 vide notification dated March 31, 2009 from Ministry of Company Affairs. Due to exercise of the said option as explained in Note 1(d) above, the Company has adjusted the value of depreciable capital assets/capital work in progress by Rs. 60,029,980 (net gain) (previous year Rs. 6,831 (gain) towards the exchange difference arising on long term foreign currency monetary liabilities.
- (b) Exchange differences arising on short term foreign currency monetary items continue to be debited/credited to the Profit and Loss Account. Accordingly, the net exchange gain difference aggregating to Rs. 30,653,617 (Previous year gain of Rs. 103,340) arising on revaluation and settlement of buyers credit availed for financing of the project cost, has been credited to the Profit and Loss Account.

5. Foreign currency exposure

Net Foreign Currency exposure that are not covered by derivative instrument or otherwise are as follows:

Sr No.	Particulars	In USD	Amount In Rupees
(a)	Borrowings, including interest accrued but not due there on	129,684,544	5,790,414,911
		(-)	(-)
(b)	Sundry creditors/deposits and retention	9,430,229	421,059,729
		(-)	(2,059,921)

6. Project Status

The Company is currently developing 600MW coal fired power project with sub critical technology to be located at Butibori Maharashtra Industrial Development Corporation (MIDC) area in Nagpur, Maharashtra. The Company has awarded the Engineering, Procurement and Construction (EPC) contract to Reliance Infrastructure Limited. The Company expects to start the commercial operation with regard to one unit of 300 MW by June 2012.

7. Secured Loans from Banks and Financial Institutions are secured by :

- (a) First mortgage and charge of all the immovable properties, present and future
(b) First charge by way of hypothecation of all movable properties and assets, present and future
(c) First charge on operating cash flows, current assets, receivables and revenues, present and future
(d) First charge on all intangible assets, present and future
(e) First charge on all letter of credit, escrow accounts, trust and any other bank accounts.
The repayment of loan starts from financial year 2011-2012.

8. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits"

The Company has classified various employee benefits as under:

A. Defined contribution plans

- (a) Provident Fund
(b) Superannuation fund
(c) State defined contribution plans
- Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is administered by the Trust. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.



Vidarbha Industries Power Limited
Schedules annexed to and forming part of the Financial Statements

Schedule 9 : Notes forming part of Financial Statements (Continued)

The Company has recognised the following amounts in the Capital Work-In-Progress for the year:

Particulars	Rupees	
	Year ended March 31, 2011	Year ended March 31, 2010
Contribution to Provident Fund	1,066,592	773,542
Contribution to Employees' Superannuation Fund	184,996	287,184
Contribution to Employees' Pension Scheme, 1995	218,096	138,551

B. Defined Benefit Plans

- (a) Gratuity
(b) Leave Encashment

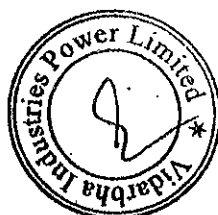
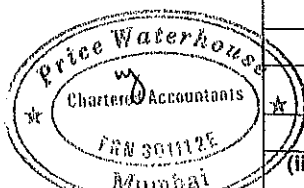
Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the Company's policy.

Valuations in respect of gratuity and leave encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	Rupees			
	Year ended March 31, 2011		Year ended March 31, 2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate (Per annum)	8.25%	8.25%	8.25%	8.25%
Rate of increase in compensation levels	7.50%	7.50%	7.50%	7.50%
Rate of return on plan assets	8.25%	-	8.25%	-
Expected average remaining working life of Employees in number of years	10.69 years	-	21 years	-

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

Sr. No.	Particulars	Rupees			
		Year ended March 31, 2011		Year ended March 31, 2010	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
(i)	Changes in present value of obligation				
	Opening balance of present value of obligation	1,155,411	1,023,998	722,469	958,957
	Current service cost	342,481	309,938	318,265	288,314
	Interest Cost	102,475	88,146	78,055	102,800
	Actuarial Losses/ (Gain)	1,243,630	960,606	36,622	(326,179)
	Benefits Paid	(581,130)	(423,915)	-	-
	Closing balance of present value of obligation	2,262,867	1,958,773	1,155,411	1,023,998
(ii)	Changes in fair value of plan assets				
	Opening balance of fair value of plan assets (Including pending transfer)	1,713,367	349,234	703,820	-
	Plan assets transferred	(543,923)	(349,234)	-	-
	Opening balance of fair value of plan assets	1,169,444	-	-	-
	Employer's contributions	1,000,000	423,915	450,000	-
	Expected return on plan assets	96,479	-	52,787	-
	Actuarial Gain / (Losses)	(26,382)	-	(37,163)	-
	Closing balance of fair value of plan assets	2,239,541	-	1,169,444	-
	Plan assets pending transfer	-	-	543,923	349,234
	Benefits Paid	(581,130)	(423,915)	-	-
	Closing balance of fair value of plan assets (Including pending transfer)	1,658,411	-	1,713,367	349,234



Vidarbha Industries Power Limited
Schedules annexed to and forming part of the Financial Statements

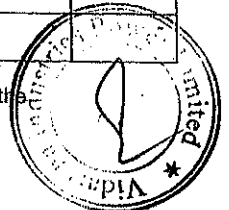
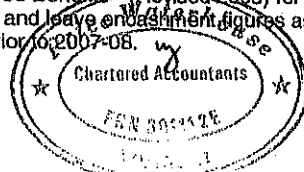
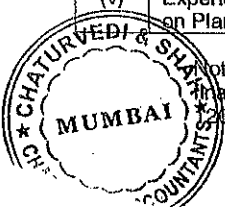
Schedule 9 : Notes forming part of Financial Statements (Continued)

Sr. No.	Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
(iii)	Percentage of each category of plan assets to total fair value of plan assets				
	Administered by Reliance Life Insurance Company Limited	100%	-	100%	-
(iv)	Reconciliation of present value of defined present obligations and the fair value of assets				
	Closing balance of present value of obligation	2,262,867	1,958,773	1,155,411	1,023,998
	Closing Balance of fair value of plan assets (Including pending transfer)	1,658,411	-	1,713,367	349,234
	Funded (asset) / liability recognised in the Balance Sheet	604,456	-	(557,956)	-
	Unfunded liability recognised in the Balance Sheet	-	1,958,773	-	674,766
(v)	Amounts recognised in the Balance Sheet				
	Closing balance of present value of obligation	2,262,867	1,958,773	1,155,411	1,023,998
	Closing balance of fair value of plan assets (Including pending transfer)	1,658,411	-	1,713,367	349,234
	Funded (asset) / liability recognised in the Balance Sheet	604,456	-	(557,956)	-
	Unfunded liability recognised in the Balance Sheet	-	1,958,773	-	674,766
(vi)	Expenses recognised in the Capital Work in Progress				
	Current service cost	342,481	309,938	318,265	288,314
	Interest cost	102,475	88,146	78,055	102,900
	Expected return on plan assets	(96,479)	-	(52,787)	-
	Net actuarial (Gain)/ Loss	1,270,012	980,606	73,785	(326,173)
	Total expenses recognised in the Capital Work in Progress	1,618,489	1,358,690	417,318	65,041
(vii)	Expected employers' contribution for the next year	700,000	82,000	300,000	-

Disclosure as required under Para 120(n):

Sr. No.	Particulars	Gratuity				Leave Encashment			
		2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
(i)	Present Value of the Defined Benefit Obligation	2,262,867	1,155,411	722,469	-	1,958,773	1,023,998	958,957	-
(ii)	Fair Value of the Plan Assets	1,658,411	1,713,367	703,820	-	-	349,234	-	-
(iii)	(Surplus)/ Deficit in the Plan	604,456	(557,956)	18,649	-	1,958,773	674,764	958,957	-
(iv)	Experience Adjustment on Plan Liabilities	(1,243,630)	(36,622)	-	-	(960,606)	326,173	-	-
(v)	Experience Adjustment on Plan assets	26,382	37,613	-	-	-	-	-	-

Note: Since the Company had adopted AS-15, "Employee Benefits" (Revised 2005) for the first time during the financial year 2007-08, hence the disclosure for gratuity and leave encashment figures as required by Para 120(n) have not been presented for the financial year prior to 2007-08.



Vidarbha Industries Power Limited
Schedules annexed to and forming part of the Financial Statements

Schedule 9 : Notes forming part of Financial Statements (Continued)

9. Related Party Disclosure

As per Accounting Standard – 18 as prescribed under Companies (Accounting Standards) Rules, 2006, the Company's related parties transactions are disclosed below:

A. Parties where control exists:

Holding Company

Reliance Power Limited (R Power)

B Major Investing parties / Promoters having significant influence on the holding company directly or indirectly:

Companies

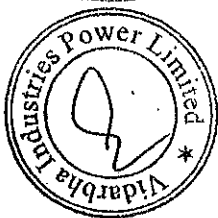
- Reliance Infrastructure Limited (R Infra)
- AAA Project Ventures Private Limited (APVPL)

Individual

- Shri Anil D. Ambani
- Enterprises over which individual described in clause (c) above have control.**

Reliance Infocom Infrastructure Private Limited (RI IPL)
Reliance General Insurance Company Limited (RGICL)
Reliance Communication Limited (RCOM)

Particulars	R Power	R Infra	RI IPL	RCOM	RGICL	Rupees
Transactions during the year						
Legal and Professional Charges (including shared service charges)	5,515,000 11,030,000	-	-	-	-	-
Purchase of Assets	-	-	4,294,160	-	-	-
Reimbursement of expenses / taxes	7,538,476 6,398,056	9,373,126 462,748	-	-	-	-
Insurance	-	-	-	-	17,145	-
Share application money pending allotment received	1,373,600,000 1,130,810,000	-	-	-	-	-
Advance given against EPC Contract	-	1,115,724,082 1,000,000,000	-	-	-	-
Material/ Services received against EPC contract	-	3,220,562,101 508,875,585	-	-	-	-
Purchase of material	-	-	-	11,154,204 25,874,013	-	-
Corporate / Counter Guarantees Issued on behalf of the Company for buyers credit financing.	1,496,179,025	-	-	-	-	-
Closing Balances						
Share application money pending allotment	4,741,460,000 3,367,860,000	-	-	-	-	-
Balance outstanding / payable	921,901 2,277,998	293,024,980	-	37,027,634 25,873,430	-	-



Vidarbha Industries Power Limited
Schedules annexed to and forming part of the Financial Statements

Schedule 9 : Notes forming part of Financial Statements (Continued)

Particulars	Rupees				
	R Power	R Infra	RIIPL	RCOM	RGICL
Advance against EPC Contract	-	3,738,946,928	-	-	-
	-	2,303,756,063	-	-	-
Retention payable towards EPC Contract	-	426,675,249	-	-	-
	-	79,517,056	-	-	-
Equity Share contribution (excluding premium)	500,000	-	-	-	-
	500,000	-	-	-	-
Corporate / Counter Guarantees Issued on behalf of the Company for buyers credit financing and other purposes	1,508,776,025	-	-	-	-
	-	-	-	-	-

Figures in Italics indicate previous year figures

Reliance Power has given an equity support undertaking/financial support undertaking towards project cost/cost overrun/default from industrial consumers towards their equity to banks/ financial institution for loan taken by the Company.

The above disclosure does not include transactions with public utility service providers, viz. electricity, and telecommunication in the normal course of business.

10. Earnings Per Share

	Rupees	
	Year ended March 31, 2011	Year ended March 31, 2010
Profit / (Loss) for the year (Rs.) (A)	(7,740,567)	59,018
Weighted Average number of equity shares		
For Basic Earnings per share (B)	50,000	50,000
Basic Earnings per share (Rs.) (A/B)	(154.81)	1.18
Diluted Earnings per share (Rs.) (A/C)	-	0.01
Nominal value of an equity share (Rs.)	10	10

For the current year, the Diluted EPS is not calculated as considering the effect of share application money, it is anti- dilutive and for the previous year, the same was calculated considering the conversion of share application money into equity shares at a conversion price equivalent to the nominal value of shares.

11. Segment Reporting:

In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as power generation. Since, there are no other business segments in which the Company operates and the power generated will be sold within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statement.

12. Details of Purchase and Sale of Investments during the year

Mutual Fund	Rupees	
	No. of Units	Purchase Value
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	1,34,323,001.9	1,343,915,066
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	168,824.22	169,055,758

13. Micro, Medium and Small Scale Business Entities:

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



Vidarbha Industries Power Limited
Schedules annexed to and forming part of the Financial Statements

Schedule 9 : Notes forming part of Financial Statements (Continued)

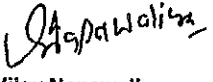
14. Schedule VI – Paragraph 4C of Part II

Information to the extent not disclosed, with regard to matters specified in paragraph 3, 4, 4A, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 is either Nil or not applicable to the Company for the year ended March 31, 2011.

15. Previous year's figures have been regrouped, rearranged or reclassified wherever considered necessary.

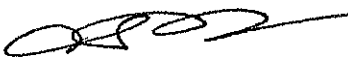
Signatures to Schedules 1 to 9 forming part of the Financial Statements.

For Chaturvedi & Shah
 Firm Registration No : 101720W
 Chartered Accountants

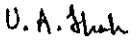

Vijay Napawallya
 Partner
 Membership No. : 109859



For and on behalf of the Board

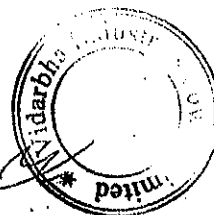

N Venugopala Rao
 Director

For Price Waterhouse
 Firm Registration No : 301112E
 Chartered Accountants


Uday Shah
 Partner
 Membership No. 46061



V K Reddy
 Director



Place: Mumbai
 Date: May 25, 2011

Place: Mumbai
 Date: May 25, 2011

VIDARBHA INDUSTRIES POWER LIMITED

STATEMENT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No. State Code
Balance Sheet Date
Date Month Year

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

Public Issue Rights Issue
Bonus Issue Private Placement

III Position of Mobilisation and Deployment of Fund (Amount in Rs. Thousands)

Total Liabilities Total Assets

Source of Funds:

Paid up Capital Reserves and Surplus

Share Application Money Pending Allotment

Secured Loans Unsecured Loans

Application of Funds:

Net Fixed Assets Investments

Net Current Assets/(Liability) Capital Work in Progress

Accumulated Losses Deferred Tax Assets

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

Turnover Total Expenditure

Profit/Loss before tax

(Please tick appropriate box + for profit, - for loss)

Earnings per share in Rs. Dividend Rate

V Generic names of the three principal products/Services of company (as per monetary terms)

Items Code No.
(ITC Code)

Product
Description

For and on behalf of the Board



N Venugopala Rao
Director



V K Reddy
Director

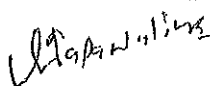
Mumbai
Date :25th May, 2011



Auditors' Report**To the Members of Vidarbha Industries Power Limited**

1. We have audited the attached Balance Sheet of Vidarbha Industries Power Limited (the "Company") as at March 31, 2012 and the related Statement of Profit and Loss 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 Order.
4. Further to our comments 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 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 together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, 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, 2012;
 - (ii) in the case of the Statement of Profit and Loss, 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
Firm Registration Number: 101720W
Chartered Accountants

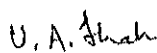


Vijay Napawaliya
Partner
Membership Number: 109859



Place: Mumbai
Date: May 24, 2012

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 24, 2012

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Vidarbha Industries Power Limited on the financial statements as of and for the year ended March 31, 2012

Page 1 of 2

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) 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 Act.
- (b) 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.
3. 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 fixed assets. 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.
4. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
7. The Central Government of India has prescribed maintenance of cost records prescribed under clause (d) of sub-section (1) of Section 209 of the Act to the Company. However, the same is not applicable to the Company, as the Company has not started commercial operations.
8. (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 regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (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, and excise duty which have not been deposited on account of any dispute.
9. The Company has no accumulated losses as at March 31, 2012 and it has not incurred any cash losses in the financial year ended on that date. The Company has incurred cash losses in the immediately preceding previous year.
10. 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. As at the balance sheet date, there are no dues to debenture holders.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.

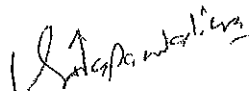


Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Vidarbha Industries Power Limited on the financial statements as of and for the year ended March 31, 2012
Page 2 of 2

13. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
14. 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 during the year.
15. In our opinion, and according to the information and explanations given to us, except for the unutilised proceeds of term loans, to the extent of Rs. 1,191,073,816, that were obtained for capital expenditure but are held in fixed deposit as margin money and in current accounts with bank as at the year end, the term loans have been applied for the purposes for which they were obtained.
16. On the basis of an overall examination of the Balance Sheet of the Company and considering the sources of funding for the expenditure incurred on the project, which are long term in nature, in our opinion and according to the information and explanations given to us, there are no funds raised on short term basis which has been used for long term purposes.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not issued any debentures during the year.
19. The Company has not raised any money by public issues during the year.
20. During the course of our 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 neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
21. Clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, is not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

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

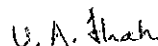


Vijay Napawallia
Partner
Membership Number: 109859



Place: Mumbai
Date: May 24, 2012

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants



Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 24, 2012

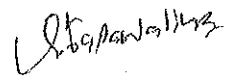
Vidarbha Industries Power Limited
Balance Sheet as at March 31, 2012

Particulars	Note	As at March 31, 2012 Rupees	As at March 31, 2011 Rupees
Equity and Liabilities			
Shareholders' funds			
Share capital	3.1	500,000	500,000
Reserves and surplus	3.2	23,248,235	(32,658,327)
Share application money pending allotment (Refer note 3.1.5)		7,028,560,000	4,741,460,000
Non-current liabilities			
Long-term borrowings	3.3	21,191,510,977	7,492,405,969
Other long term liabilities	3.4	2,028,667,735	638,198,436
Long term provisions	3.5	6,446,654	2,481,229
Current liabilities			
Other current liabilities	3.6	1,260,933,876	864,526,714
Short-term provisions	3.7	2,853,059	82,000
Total		31,542,520,536	13,706,996,021
Assets			
Non-current assets			
Fixed assets			
Tangible assets	3.8	769,658,494	548,798,992
Capital work-in-progress	3.9	26,794,682,671	7,607,962,285
Intangible assets under development	3.10	112,700,000	112,700,000
Long-term loans and advances	3.11	2,218,409,694	3,793,076,523
Current assets			
Current investments	3.12	-	44,198,873
Cash and bank balances	3.13	1,596,073,816	1,593,296,428
Short term loans and advances	3.14	11,884,699	6,583,175
Other current assets	3.15	39,111,162	379,645
Total		31,542,520,536	13,706,996,021

The notes are an integral part of these financial statements

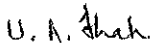
As per our attached report of even date

For **Chaturvedi & Shah**
Firm Registration No :101720W
Chartered Accountants


Vijay Napawallya
Partner
Membership No. : 109859




For **Price Waterhouse**
Firm Registration No :301112E
Chartered Accountants

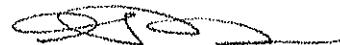

U. A. Shah

Uday Shah
Partner
Membership No. : 46061

Place: Mumbai
Date: May 24, 2012

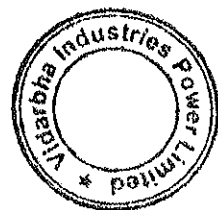
For and on behalf of the Board of Directors


V K Reddy
Director



N Venugopala Rao
Director

Place: Mumbai
Date: May 24, 2012



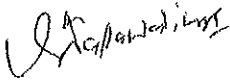
Vidarbha Industries Power Limited
Statement of Profit and Loss for the year ended March 31, 2012

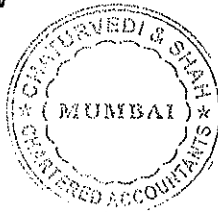
Particulars	Note	Year ended March 31, 2012 Rupees	Year ended March 31, 2011 Rupees
Other income	3.16	65,913,462	30,671,153
Total Revenue		65,913,462	30,671,153
Expenses:			
Other expenses	3.17	6,900	38,408,388
Total Expenses		6,900	38,408,388
Profit/(Loss) before tax		65,906,562	(7,737,235)
Tax expense:			
Current Tax		10,000,000	-
Income Tax for earlier year		-	3,332
Profit/(Loss) for the year		55,906,562	(7,740,567)
Earnings per equity share: (Face value of Rs. 10 each)			
-Basic		1,118.13	(154.81)
-Diluted		104.39	-
(Refer note 9)			

The notes are an integral part of these financial statements

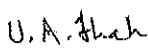
As per attached our report of even date

For Chaturvedi & Shah
Firm Registration No : 101720W
Chartered Accountants


Vijay Napawaliya
Partner
Membership No. : 109859




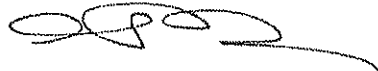
For Price Waterhouse
Firm Registration No : 301112E
Chartered Accountants


Uday Shah
Partner
Membership No. : 46061

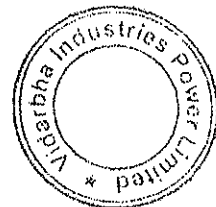
Place: Mumbai
Date: May 24, 2012

For and on behalf of the Board of Directors


V K Reddy
Director


N Venugopala Rao
Director

Place: Mumbai
Date: May 24, 2012



Vidarbha Industries Power Limited
Cash Flow Statement for the year ended March 31, 2012

	Year ended March 31, 2012 Rupees	Year ended March 31, 2011 Rupees
(A) Cash Flow from/(used in) operating activities		
Profit/(loss) before tax	65,908,562	(7,737,235)
Adjusted for:		
Interest income	(29,271,811)	(17,536)
Dividend income	(36,641,651)	-
Unrealised exchange gain	-	(26,162,029)
Net cash from/(used) in operating activities	(6,900)	(33,916,800)
(B) Cash flow from/(used in) investing activities		
Purchase of fixed assets (including capital work-in-progress and capital advances)	(14,031,247,368)	(6,690,083,922)
(Purchase) / sale of investments (net)	44,272,026	67,461,466
Income tax refund	-	42,584
Interest received	24,669,845	17,536
Taxes paid	(6,334,476)	(1,688,519)
Dividend income	86,712,248	4,999,819
Investment in fixed deposit	(975,500,000)	(10,300,000)
Fixed deposit matured	10,300,000	-
Net cash used in investing activities	(14,846,827,726)	(6,629,551,036)
(C) Cash flow from/(used in) financing activities		
Proceeds from share application money	2,287,100,000	1,373,600,000
Proceeds from borrowings - secured	12,599,440,647	6,326,386,795
Proceeds from borrowings - unsecured	258,061,405	734,220,281
Interest and finance charges	(1,260,190,039)	(191,320,948)
Net cash from financing activities	13,884,412,013	8,242,886,128
Net increase in cash and cash equivalents (A+B+C)	(862,422,812)	1,579,418,292
Cash and cash equivalents at the beginning of the year		
Bank balance - current account	1,582,996,428	3,578,136
Cash and cash equivalents at the end of the year		
Bank balance - current account	620,573,816	1,582,996,428

Previous year figures have been regrouped and recast wherever necessary to the current year classification.

As per our attached report of even date

For Chaturvedi & Shah
Firm Registration No : 101720W
Chartered Accountants

Vijay Napawaliya
Partner
Membership No. : 109859



For Price Waterhouse
Firm Registration No : 301112E
Chartered Accountants

U. A. Shah

Uday Shah
Partner
Membership No. : 46061

Place: Mumbai
Date: May 24, 2012

For and on behalf of the Board of Directors

V K Reddy
Director

N Venugopala Rao
Director

Place: Mumbai
Date: May 24, 2012



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2012
1. General Information

Vidarbha Industries Power Limited is a wholly owned subsidiary of Reliance Power Limited. The Company has been set up as a special purpose vehicle to develop and operate 600 mega watt coal based power project at Butibori Industrial area near Nagpur, Maharashtra.

2. Significant Accounting Policies:
a) Basis of Accounting

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211 (3C) of the Act, read with Companies (Accounting Standards) Rules, 2006.

b) Use of Estimates

The preparation and presentation of financial statements requires estimates and assumptions to be made that affects the reported amount of assets and liabilities and disclosures of contingent liabilities as on date of the financial statement and reported amount of revenue and expenses during the reporting period. Differences between the actual result and estimates are recognised in the period in which results are known/ materialised.

c) Tangible assets and capital work-in-progress

- (i) Tangible assets are stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.
- (ii) All project related expenditure viz, civil works, machinery under erection, construction and erection materials, pre-operative expenditure incidental / directly attributable to construction of project including carpet coal laid prior to commissioning, borrowing cost incurred prior to the date of commercial operation and trial run expenditure, construction store are shown under Capital Work-in-Progress. These expenses are net of recoveries and income (net of tax) from surplus funds arising out of project specific borrowings.
- (iii) Any exchange difference on long term foreign currency monetary items on revaluation or settlement at the rate different from the one which was previously reported, in so far relates to depreciable capital assets are added/deducted to/from cost of such assets. Also refer to note 2(j) below.

d) Intangible assets

- (i) Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured.
- (ii) Expenditure incurred on acquisition of intangible assets which is not put to use at the reporting date is disclosed under intangible assets under development.

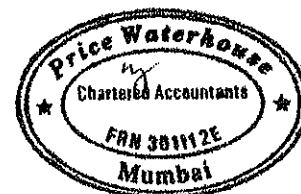
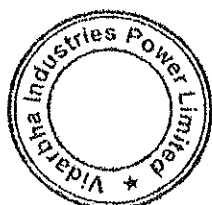
e) Depreciation / Amortisation

Tangible assets:

Tangible assets are depreciated under the 'Straight Line Method' as per the rates and in the manner prescribed under Schedule XIV of the Act, read with the General Circular No. 31/2011 issued by the Ministry of Corporate Affairs dated May 31, 2011, as applicable. Lease hold land is amortised over the lease period from the date of receipt of advance possession or execution of lease deed, whichever is earlier.

f) Investments

Long-term investments are stated at cost less provision for diminution other than temporary, if any, in the value of such investments. Current investments are valued at lower of cost and fair value.



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2012 (Continued)

g) Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

h) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

i) Borrowing Cost

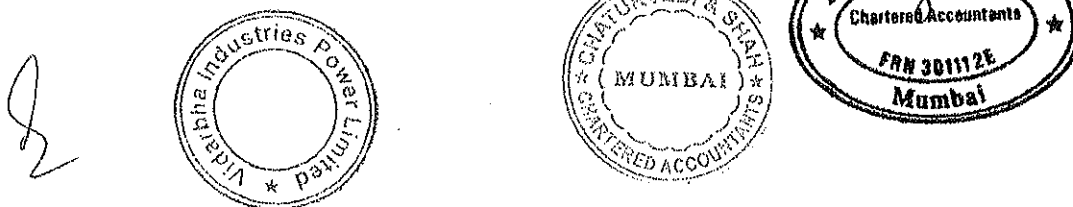
Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily take substantial period of time to get ready for its intended use. All other borrowings costs are charged to revenue.

j) Foreign Currency Transactions

- (i) Foreign currency transactions are initially accounted at the exchange rates prevailing on the date of the transaction.
- (ii) All exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- (iii) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, wherein
 - Foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
 - In other case, foreign exchange difference is accumulated in "Foreign Currency Monetary Item Translation difference Account" and amortised over the balance period of such long term asset/liabilities.
- (iv) Non-monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

k) Revenue Recognition

Profit on sale/redemption of investments is accounted on sale/redemption of such investments. Dividend on Investments is accounted when the right to receive payment is established in the entity's favour.



Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2012 (Continued)

l) Employee Benefits

(i) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss / Capital work-in-progress, as applicable.

(ii) Defined contribution plans:

Contributions to defined contribution schemes such as provident fund, superannuation, etc are charged off to the Statement of Profit and Loss / Capital work-in-progress, as applicable, during the year in which the employee renders the related service.

(iii) Defined Benefit Plans:

The Company also provides employee benefits in the form of gratuity and leave encashment, the liability for which is determined by independent actuaries based on actuarial valuation using the projected unit credit method as at the year end. Such defined benefits are charged off to the Statement of Profit and Loss / Capital work-in-progress, as applicable.

m) Accounting for Taxes on Income

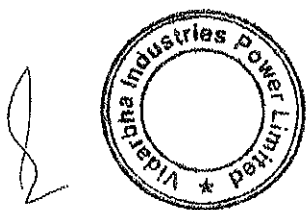
Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

n) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o) Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.



Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2012 (continued)

3.1 Share Capital

Authorised Share Capital

150,000,000 (Previous Year : 150,000,000) equity shares of Rs.10 each
850,000,000 (Previous Year : 850,000,000) preference shares of Rs.10 each

As At
March 31, 2012
Rupees

As At
March 31, 2011
Rupees

1,500,000,000
8,500,000,000

1,500,000,000
8,500,000,000

10,000,000,000
10,000,000,000

Issued capital

535,580 (Previous Year: 50,000) equity shares of Rs.10 each fully paid up
6,543,000 (Previous Year: Nil) preference shares of Rs.10 each fully paid up

5,355,600
85,430,000

500,000
-

70,785,600
600,000

Subscribed and fully paid up capital

50,000 (Previous Year: 50,000) equity shares of Rs.10 each fully paid up

500,000
600,000

500,000
600,000

3.1.1 Reconciliation of number of shares - subscribed and paid up

Equity shares

Balance at the beginning of the year - 50,000 (Previous Year: 50,000) equity shares of Rs.10 each
Add: Issued and subscribed during the year

500,000
-

500,000
-

Balance at the end of the year - 50,000 (Previous year : 50,000) shares of Rs. 10 each

600,000
600,000

600,000
600,000

3.1.2 Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

As At
March 31, 2012
Rupees

As At
March 31, 2011
Rupees

3.1.3 Shares held by holding company

Equity Shares

Reliance Power Limited - 50,000 (Previous year : 50,000) shares of Rs.10 each fully paid up.
(Of the above, 49,984 (Previous year : 49,984) shares are held by Reliance Power Limited, the holding Company and 6 shares are jointly held by Reliance Power Limited and its nominees)

500,000
500,000

500,000
500,000

500,000
500,000

3.1.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Equity shares

Reliance Power Limited (Equity shares of Rs. 10 each fully paid up)

Percentage of
share holding

As at
March 31, 2012
No. of Shares

As at
March 31, 2011
No. of Shares

100%
50,000

100%
50,000

100%
50,000

100%
50,000

3.1.6 Issue of equity and preference shares

Equity Shares

The Company in its Board of Directors meeting dated February 11, 2012 has issued 485,580 equity shares of Rs. 10 each to Reliance Power Limited, the Holding Company at a premium of Rs. 990 per share. These shares would be allotted prior to the start of the commercial operations of the Company or any other date to be mutually agreed, whichever is earlier.

Preference shares

During the year the Company in its Board of Directors meeting dated February 11, 2012 has issued 6,543,000, Non Cumulative Non-Convertible Redeemable Preference Shares (NCRPS) to Reliance Power Limited, the Holding Company with following terms:

Face Value : Rs 10 per share
Premium : Rs 990 per share

Period of allotment : As mutually agreed and in any case not later than the date of commissioning of the project.

Dividend Terms : Dividend on NCRPS is payable on the issue price of Rs 1,000 subsequent to commencement of commercial operations on declaration

Redemption Terms : The NCRPS have a maturity of 20 years. However the NCRPS can be redeemed earlier at the option of the Company or shareholder at an issue price of Rs. 1,000.

Further the advance share application money received prior to issue of the these equity and preference shares considering the terms of share purchase agreement dated February 11, 2012 is also considered to be as money received against the issue of these shares, accordingly the share application money as at March 31, 2011 has been disclosed in the financial statements.

3.2 Reserves and Surplus

Surplus/(Deficit) in the Statement of Profit and Loss

Balance at the beginning of the year

Add: Profit / (loss) for the year

Balance at the end of the year

As At
March 31, 2012
Rupees

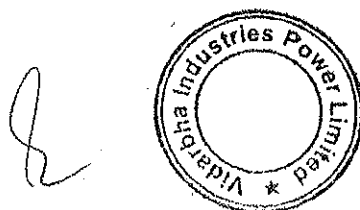
As At
March 31, 2011
Rupees

(32,658,327)
55,806,562

(24,917,780)
(7,740,587)

23,248,235
(32,658,327)

(32,658,327)
(32,658,327)



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2012 (continued)

	As At March 31, 2012 Rupees	As At March 31, 2011 Rupees
3.3 Long Term Borrowings		
Secured		
Term loans		
Rupee loans from banks	8,727,050,000	1,708,500,000
Foreign currency loans from banks	10,761,242,462	4,784,468,785
Rupee loans from financial institutions	388,640,000	18,000,000
	<u>19,876,932,462</u>	<u>6,520,968,785</u>
Unsecured		
Term loans		
Foreign currency loans from banks	1,314,578,515	971,437,184
	<u>1,314,578,515</u>	<u>971,437,184</u>
	<u>21,191,510,977</u>	<u>7,492,405,969</u>

3.3.1 Nature of security for term loans

The term loans and buyer's credit facility are secured pari passu among the lenders by first charge/ mortgage/hypothecation/assignment on;

- all the immovable properties, both present and future of the Company;
- all the Company's tangible movable properties and assets, both present and future including moveable plant and machinery, machinery spares, equipments, tools and accessories, furniture, fixtures and vehicles;
- Company's cash flows arising out of or in connection with the project, book debts, receivables, current assets and revenue of whatsoever nature both present and future ;
- Intangible assets of the Company;
- all the project documents, letter of credit, authorized investments, trust and retention accounts, corporate guarantee/ bank guarantee, Government approvals, insurance policies, permits and any other security to the project documents;
- non disposal undertaking in favour of Lenders by Reliance Power Limited (Holding Company) for 51% of the total equity share capital of the Company
- unconditional and irrevocable corporate guarantee of Reliance Power Limited (Holding Company) in favour of Security Trustee for the benefit of Rupee Lenders
- Pursuant to the agreement between the Reliance Power Limited (the "Promoter") and the Company, promoter, has given an undertaking to the Lenders to support the Company towards cost overrun for the project (upto 10% of the project cost).

3.3.2 Terms of repayment

Foreign currency term loan is repayable in 28 equal quarterly instalments commencing from June 30, 2013.

Rupee term loan is repayable in 44 equal quarterly instalments commencing from January 31, 2013.

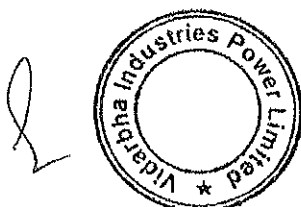
The above term loan includes buyer's credit facility availed in foreign currency, aggregating Rs. 4,402,345,976 (Previous year: Rs. 1,434,855,989) to be refinanced through long term Rupee loan by the respective Lenders as per the terms of common Rupee term loan agreement.

3.3.3 Interest

Rupee term loan carries an interest rate which shall be Axis Bank Base Rate or the Base Rate of the respective Rupee Lender or the Base Rate of State Bank of India or State Bank of Travancore plus the spread, whichever is higher, payable monthly basis.

Foreign currency term loan carries an interest rate of USD LIBOR plus 4.60% per annum, payable on an quarterly basis.

Foreign currency loan includes buyer's credit facility which carries an average interest rate of USD LIBOR plus 1.62% payable at the time of settlement/refinancing.



Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2012 (continued)

3.4 Other long term liabilities

	As At March 31, 2012 Rupees	As At March 31, 2011 Rupees
Retention money payable [Including Rs. 1,450,409,072 (previous year Rs. 426,675,249) to related party (Refer note 8)]	2,028,667,735	638,198,436
	<u>2,028,667,735</u>	<u>638,198,436</u>

3.5 Long term provisions

Provision for gratuity (Refer note 7)	1,050,859	604,456
Provision for leave encashment (Refer note 7)	5,395,795	1,876,773
	<u>6,446,654</u>	<u>2,481,229</u>

3.6 Other current liabilities

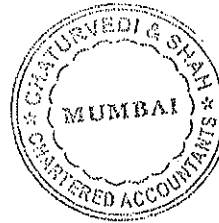
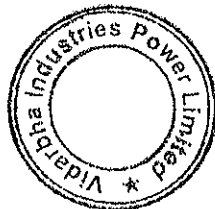
Current maturities of long-term borrowings	312,210,000	-
Interest accrued but not due on borrowings	69,638,247	24,609,280
Interest accrued and due on borrowings	-	4,747,410
Creditors for capital expenditure (Refer note 12) [Including Rs. 164,584,237 (previous year Rs. 330,052,614) to related party (Refer note 8)]	820,136,138	774,832,703
Retention money payable	11,513,881	1,000,689
Security deposits received	162,990	-
Advance payable to holding company (Refer note 8)	9,849,837	921,901
Others*	37,422,683	58,414,731
*(including Provident Fund, Tax deducted at source and other miscellaneous payables)	<u>1,280,933,876</u>	<u>864,526,714</u>

3.7 Short term provisions

Provision for employee benefits		
Leave encashment (Refer note 7)	720,451	82,000
	<u>720,451</u>	<u>82,000</u>

Others

Provision for taxes (Net of advance tax of Rs. 8,067,392)	1,932,608	-
	<u>1,932,608</u>	<u>-</u>
	<u>2,653,059</u>	<u>82,000</u>



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2012 (continued)

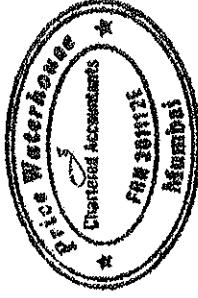
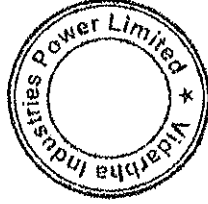
3.8 Tangible assets

Particulars	Gross Block (at cost)		Depreciation/ Amortisation		Net Block	
	As at April 1, 2011	Additions during the year	As at March 31, 2012	Up to March 31, 2011	For the year	Up to March 31, 2012
Freehold land *	283,129,330	199,538,085	482,667,415	-	-	482,667,415
Leasehold Land	238,754,730	1,033,230	239,787,960	5,676,768	2,511,871	8,188,639
Buildings	21,286,166	453,750	21,739,916	696,048	792,577	1,488,625
Plant and Machinery	1,872,054	16,393,419	18,265,473	253,521	72,992	326,513
Furniture and Fixtures	1,257,377	6,691,455	7,948,832	468,587	1,073,297	1,541,884
Motor Vehicles	1,557,860	-	1,557,680	250,337	147,979	398,316
Office Equipments	3,641,262	1,907,265	5,548,527	387,786	407,333	795,119
Computers	6,584,401	975,088	7,559,489	1,570,961	1,126,741	2,697,702
Total	558,063,000	226,992,292	785,075,292	9,284,008	6,132,790	15,416,798
Previous Year	327,319,054	230,763,336	558,083,000	4,518,501	4,765,507	9,284,008
						548,798,992

Note

* Freehold land as at March 31, 2012 includes 35.352 acres of land for Rs. 124,548,463 which have been capitalised based on the Agreement to sale with respective parties or advance possession received.

[Handwritten signature]



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2012 (continued)

3.9 Capital work-in-progress

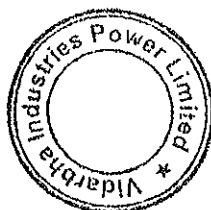
Rupees

Particulars	As at April 1, 2011	Incurred during the year	Capitalised / Adjusted	As at March 31, 2012
A. Assets under construction	6,912,005,988	16,234,730,002	-	23,146,736,590
B. Expenditure pending allocation				
(I) Expenses				
Interest and finance charges	305,787,611	1,300,471,598	-	1,606,259,207
Exchange loss to the extent of adjustment in interest cost	-	835,150,318	-	835,150,318
Net foreign exchange (gain) / loss (Refer notes 2 (j) (iii) and 11)	(60,036,811)	574,378,992	-	514,342,181
Electricity expenses	652,004	6,984,007	-	7,636,011
Rent	2,432,938	13,443,125	-	15,876,063
Repairs and maintenance at site	1,674,416	1,959,943	-	3,634,359
Employee cost				
- Salaries, bonus and other allowances	85,757,942	162,659,839	-	228,417,781
- Contribution to provident and other funds*	3,321,403	5,225,713	-	8,547,116
- Gratuity and leave encashment*	4,247,807	6,089,267	-	10,337,074
* Refer note 7				
Staff welfare	3,680,235	5,441,278	-	9,121,511
Depreciation	9,284,008	6,132,790	-	15,416,798
Insurance charges	18,761,086	17,719,159	-	36,480,245
Rates and taxes	158,760,176	5,709,657	-	164,469,833
Bank and corporate guarantee charges	15,356,128	12,715,214	-	28,071,340
Communication expenses	1,581,295	2,430,820	-	4,012,115
Legal and professional charges (including shared service cost)	122,456,939	58,483,185	-	180,920,134
Printing and stationery	521,704	466,598	-	988,300
Site expenses	12,007,983	17,718,197	-	29,726,180
Travelling and conveyance	15,033,058	19,573,834	-	34,606,892
Miscellaneous expenses	21,663,598	7,916,177	-	29,579,775
Sub total	702,943,498	3,060,649,715	-	3,763,593,213
(II) Income				
Interest on fixed deposit	421,928	34,429,551	-	34,851,379
Dividend income on current (non-Trade) investment	6,156,132	50,070,597	-	56,226,729
Gain on sale of current (non-Trade) investment	448,533	73,050	-	521,583
Miscellaneous income	110,708	23,936,733	-	24,047,441
Less: Provision for taxes	7,137,201	108,508,931	-	115,647,132
Sub total	150,000	(150,000)	-	-
Net expenditure pending allocation (i) - (ii)	6,967,201	108,659,931	-	115,647,132
Total (A+B)	7,607,982,286	19,186,720,366	-	26,794,682,671
Previous Year	1,212,848,289	7,163,456,395	768,342,399	7,607,962,285

3.10 Intangible assets under development

This represents expenditure incurred by the Company towards additional water supply from Maharashtra Industrial Development Corporation (MIDC).

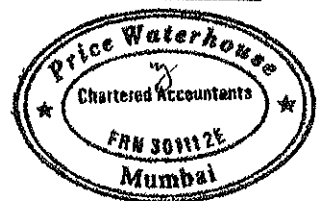
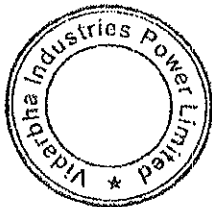
Q



Vidarbha Industries Power Limited

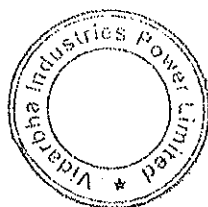
Notes to the financial statements as of and for the year ended March 31, 2012 (continued)

	As At March 31, 2012 Rupees	As At March 31, 2011 Rupees
3.11 Long term loans and advances (Unsecured and considered good unless stated otherwise)		
Capital advance (Including Rs 1,810,672,192 (previous year Rs 3,738,946,922) to related party (Refer note 8)	2,135,629,984	3,750,695,873
Security deposit	56,855,450	16,329,163
Advance income tax [Net of provision for tax of Rs Nil (Previous Year: Rs. 745,603)]	-	1,882,916
Prepaid expenses	1,876,568	11,259,406
VAT recoverable	24,047,692	12,909,165
	<u>2,218,409,694</u>	<u>3,793,076,523</u>
3.12 Current investments (non-trade)		
Un-quoted mutual fund Reliance liquidity fund-growth option	-	44,198,973
[Number of units: Nil (Previous Year: 2,993,861.323 units of face value Rs 10 each)]	-	<u>44,198,973</u>
Aggregate book value of unquoted investments	-	44,198,973
3.13 Cash and bank balances		
Cash and cash equivalents : Bank balance in current account	620,573,816	1,582,996,428
	<u>620,573,816</u>	<u>1,582,996,428</u>
Other bank balances :		
Deposits with maturity period of more than three months but less than twelve months	-	10,300,000
Margin money deposit	975,500,000	-
	<u>975,500,000</u>	<u>10,300,000</u>
	<u>1,596,073,816</u>	<u>1,593,296,428</u>
3.14 Short term loans and advances (Unsecured and considered good unless stated otherwise)		
Advance recoverable in cash or in kind	1,444,898	426,621
Prepaid expenses	10,390,184	6,017,004
Loans/advance to employees	49,617	139,550
	<u>11,884,699</u>	<u>6,583,175</u>
3.15 Other current assets (Unsecured considered good)		
Interest accrued on deposits	39,111,162	379,645
	<u>39,111,162</u>	<u>379,645</u>



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2012 (continued)

	Year ended March 31, 2012 Rupees	Year ended March 31, 2011 Rupees
3.16 Other Income		
Interest income		
-on bank deposits	29,263,428	-
-others	8,383	17,536
Dividend income on (non-trade) current investments	36,641,651	-
Gain on foreign exchange fluctuations (net)	-	30,653,617
	<u>66,913,462</u>	<u>30,671,153</u>
3.17 Other expenses		
Custodian Charges	-	8,388
Expenditure on assets not owned by the Company	-	38,400,000
Miscellaneous Expenses	6,900	-
	<u>6,900</u>	<u>38,408,388</u>



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2012 (Continued)
4. Project Status

The Company is currently developing 600MW (2 X 300MW) coal fired power project with sub critical technology located at Butibori Maharashtra Industrial Development Corporation (MIDC) area in Nagpur, Maharashtra. The Company has awarded the Engineering, Procurement and Construction (EPC) contract to Reliance Infrastructure Limited. The project is in advanced stage of erection activities and getting ready for commissioning.

5. Capital Commitments:

Estimated amount of contracts (net of capital advance) remaining to be executed on capital account and not provided for is Rs. 5,213,372,519 (Previous Year Rs. 16,005,873,606).

6. Details of remuneration to auditors:

Particulars	Rupees	
	Year ended March 31, 2012	Year ended March 31, 2011
As statutory auditors	4,800,000	2,400,000
Out-of-pocket expenses	28,345	20,760
	4,828,345	2,420,760

7. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits"

The Company has classified various employee benefits as under:

A. Defined contribution plans

- (a) Provident Fund
- (b) Superannuation fund
- (c) State defined contribution plans
 - Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is administered by the Trust. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Capital Work-in-Progress for the year:

Particulars	Rupees	
	Year ended March 31, 2012	Year ended March 31, 2011
Contribution to Provident Fund	4,001,553	1,066,592
Contribution to Employees' Superannuation Fund	394,033	184,996
Contribution to Employees' Pension Scheme, 1995	830,127	218,096

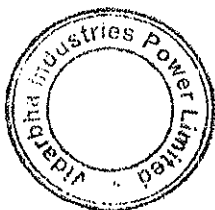
B. Defined Benefit Plans

- (a) Gratuity
- (b) Leave Encashment

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the Company's policy.

Valuations in respect of gratuity and leave encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate (Per annum)	8.50%	8.50%	8.25%	8.25%
Rate of increase in compensation levels	7.50%	7.50%	7.50%	7.50%
Rate of return on plan assets	8.25%	-	8.25%	-
Expected average remaining working life of Employees in number of years	11.87 years	-	10.69 years	-



Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2012 (Continued)

Sr. No.	Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
(i)	Changes in present value of obligation				
	Opening balance of present value of obligation	2,262,867	1,958,773	1,155,411	1,023,998
	Current service cost	666,860	1,110,266	342,481	309,938
	Interest Cost	237,720	249,813	102,475	88,146
	Liabilities assumed on transfer of employees	1,492,132	785,282	-	-
	Actuarial Loss/ (Gain)	2,439,925	2,100,021	1,243,630	960,606
	Benefits Paid	-	(87,909)	(581,130)	(423,915)
	Closing balance of present value of obligation	7,089,504	6,116,246	2,262,867	1,958,773
(ii)	Changes in fair value of plan assets				
	Opening balance of present value of plan assets (Including pending transfer)	1,658,411	-	1,713,367	349,234
	Plan assets transferred	-	-	(543,923)	(349,234)
	Opening balance of fair value of plan assets	1,658,411	-	1,169,444	-
	Employer's contributions	3,674,896	87,909	1,000,000	423,915
	Expected return on plan assets	136,819	-	96,479	-
	Actuarial Gain / (Loss)	568,519	-	(26,382)	-
	Closing balance of fair value of plan assets	6,038,645	-	2,239,541	-
	Benefits Paid	-	(87,909)	(581,130)	(423,915)
	Closing balance of fair value of plan assets	6,038,645	-	1,658,411	-
(iii)	Percentage of each category of plan assets to total fair value of plan assets				
	Administered by Reliance Life Insurance Company Limited	100%	-	100%	-
(iv)	Amounts recognised in the Balance Sheet				
	Closing balance of present value of obligation	7,089,504	6,116,246	2,262,867	1,958,773
	Closing Balance of fair value of plan assets (Including pending transfer)	6,038,645	-	1,658,411	-
	Funded (asset) / liability recognised in the Balance Sheet	1,050,859	-	604,456	-
	Unfunded liability recognised in the Balance Sheet	-	6,116,246	-	1,958,773

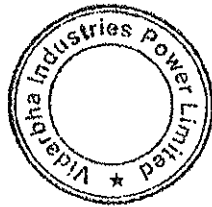


Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2012 (Continued)

Sr. No.	Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
(v)	Expenses recognised in the Capital Work in Progress				
	Current service cost	656,860	1,110,266	342,481	309,938
	Interest cost	237,720	249,813	102,475	88,146
	Expected return on plan assets	(136,819)	-	(96,479)	-
	Net actuarial (Gain)/ Loss	1,871,406	2,100,021	1,270,012	960,606
	Total expenses recognised in the Capital Work in Progress	2,629,167	3,460,100	1,618,489	1,358,690
(vi)	Expected employers' contribution for the next year	2,000,000	720,451	700,000	82,000
(vii)	Disclosure as required under Para 120(n):				
		Gratuity			
Particulars	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Present Value of the Defined Benefit Obligation	7,089,504	2,262,867	1,155,411	722,469	-
Fair Value of the Plan Assets	6,038,645	1,658,411	1,713,367	703,820	-
(Surplus)/ Deficit in the Plan	1,050,859	604,456	(557,956)	18,649	-
Experience Adjustment on Plan Liabilities	2,636,008	1,243,630	(21,415)	-	-
Experience Adjustment on Plan assets	568,519	(26,382)	(37,613)	-	-
		Leave Encashment			
Particulars	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008
Present Value of the Defined Benefit Obligation	6,116,246	1,958,773	1,023,998	958,957	-
Fair Value of the Plan Assets	-	-	349,234	-	-
(Surplus)/ Deficit in the Plan	6,116,246	1,958,773	674,764	958,957	-
Experience Adjustment on Plan Liabilities	2,244,529	960,606	(353,920)	-	-
Experience Adjustment on Plan assets	-	-	-	-	-

The actuarial valuation of gratuity liability does not include liability of seconded employees as the gratuity will be paid by the Holding company as per the terms of secondment.



Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2012 (Continued)

8. Related Party Disclosure

As per Accounting Standard – 18 as prescribed under Companies (Accounting Standards) Rules, 2006, the Company's related parties transactions are disclosed below:

A. Parties where control exists:

Holding Company
Reliance Power Limited (R Power)

B. Major Investing parties / Promoters having significant influence on the Holding Company directly or indirectly:

Companies
Reliance Infrastructure Limited (R Infra)
AAA Project Ventures Private Limited (APVPL)

Individual
Shri Anil D. Ambani

C. Other related parties with whom transaction have taken place during the year/closing balance existed at the year end

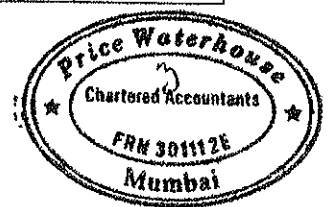
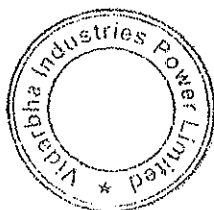
(i) Enterprises over which, person mentioned in clause B above, have control.

Reliance General Insurance Company Limited (RGICL)
Reliance Communication Limited (RCOM)
Reliance Infocomm Infrastructure Private Limited (RIIPL)

(ii) Fellow Subsidiary

Coastal Andhra Power Limited (CAPL)

Particulars	R Power	R Infra	RCOM	RGICL	RIIPL	Rupees CAPL
Transactions during the year						
Legal and Professional Charges (including shared service charges)	5,515,000	-	-	-	-	-
	5,515,000	-	-	-	-	-
Reimbursement of expenses	37,107,460	75,847,069	2,603,521	-	-	-
	7,538,476	9,373,126	-	-	-	-
Insurance premium	-	-	-	1,526,132	-	-
	-	-	-	-	-	-
Receipt of share application money	2,287,100,000	-	-	-	-	-
	1,373,600,000	-	-	-	-	-
Other advance given	170,000,000	-	-	-	-	-
	-	-	-	-	-	-
Refund of advance given	(170,000,000)	-	-	-	-	-
	-	-	-	-	-	-
Advance given / (refund) against EPC Contract	-	(2,500,000,000)	-	-	-	-
	-	1,115,724,082	-	-	-	-
Material/ Services received against EPC contract	-	9,294,199,905	-	-	-	-
	-	3,220,562,101	-	-	-	-
Purchase of material / services	-	-	1,183,254	-	10,800,000	10,997,456
	-	-	11,154,204	-	-	-



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2012 (Continued)

Particulars	Rupees					
	R Power	R Infra	RCOM	RGICL	RIIPL	CAPL
Corporate / Counter Guarantees Issued on behalf of the Company for buyers credit financing and other purposes	1,174,117,151	-	-	-	-	-
	1,496,179,025	-	-	-	-	-
Closing Balances						
Share application money pending allotment	7,028,560,000	-	-	-	-	-
	4,741,460,000	-	-	-	-	-
Other payables	9,849,836	104,575,893	38,210,888	-	10,800,000	10,997,456
	921,901	293,024,980	37,027,634	-	-	-
Advance against EPC Contract	-	1,810,572,192	-	-	-	-
	-	3,738,946,922	-	-	-	-
Retention payable towards EPC Contract	-	1,450,409,072	-	-	-	-
	-	426,675,249	-	-	-	-
Equity Share Capital (excluding premium)	500,000	-	-	-	-	-
	500,000	-	-	-	-	-
Corporate / Counter Guarantees Issued on behalf of the Company for buyers credit financing and other purposes	2,987,830,360	-	-	-	-	-
	1,508,776,025	-	-	-	-	-

Figures in Italics indicate previous year figures

Also Refer Note 3.3.1

The above disclosure does not include transactions with public utility service providers, viz. electricity, and telecommunication in the normal course of business.

9. Earnings Per Share

	Year ended March 31, 2012	Year ended March 31, 2011
Profit / (Loss) for the year (Rupees) (A)	55,906,562	(7,740,567)
Weighted Average number of equity shares (B)	50,000	50,000
Weighted Average number of equity shares - Diluted (C)	535,560	-
Earnings/(Loss) per share – Basic (Rupees) (A/B)	1,118.13	(154.81)
Earnings per share – Diluted (Rupees) (A/C)	104.39	-
Nominal value of an equity share (Rs.)	10	10

10. Foreign currency exposure

i. Net Foreign Currency exposure that are not covered by derivative instrument or otherwise are as follows:

Sr No.	Particulars	Year ended March 31, 2012		Year ended March 31 2011	
		Amount in USD	Amount in Rupees	Amount in USD	Amount in Rupees
(a)	Borrowings, including interest accrued but not due	237,427,630	12,145,966,532	129,684,544	5,790,414,911
(b)	Capital Creditors and retention (net of advance)	21,870,037	1,124,856,543	9,430,229	421,059,729

Borrowings under foreign currency loans from bankers include buyers' credit facility

2



Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2012 (Continued)

ii. CIF Value of Imports

Particulars	Year ended March 31, 2012	Rupees Year ended March 31, 2011
Capital Goods	5,547,836,563	2,150,154,121

iii. Expenditure in foreign currency

Particulars	Year ended March 31, 2012	Rupees Year ended March 31, 2011
Finance Charges	30,229,839	101,514,374
Interest	320,366,970	27,133,688
Legal and Professional fees	3,842,799	6,845,581
	354,439,608	135,493,643

11. Exchange differences on foreign currency monetary items:

In respect of exchange rate difference arising on long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules, 2011, vide notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. Accordingly, the Company has adjusted net exchange loss of Rs. 574,378,992 (Previous year gain of Rs. 60,029,980) to capital work in progress, as the long term monetary items relate to a depreciable capital asset.

12. Micro, Medium and Small Scale Business Entities:

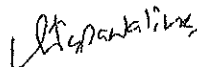
There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

13. Segment Reporting:

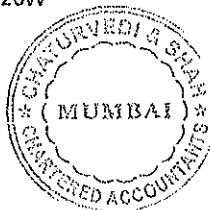
In accordance with Accounting Standard 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as power generation. Since, there are no other business segments in which the Company operates and the power generated will be sold within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statement.

14. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.


For Chaturvedi & Shah
Firm Registration No : 101720W
Chartered Accountants


Vijay Napawaliya
Partner

Membership No. : 109859



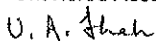
For and on behalf of the Board of Directors


V K Reddy
Director



N Venugopala Rao
Director

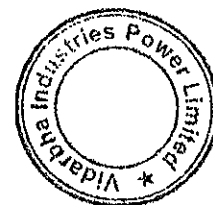
For Price Waterhouse
Firm Registration No : 301112E
Chartered Accountants


U. A. Shah

Uday Shah
Partner
Membership No. 46061

Place: Mumbai
Date: May 24, 2012

Place: Mumbai
Date: May 24, 2012



INDEPENDENT AUDITORS' REPORT

To the Members of Vidarbha Industries Power Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Vidarbha Industries Power Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

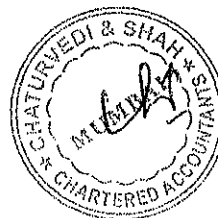
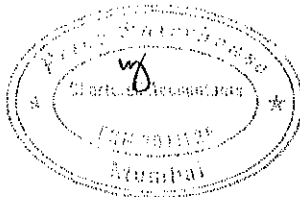
2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act 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, 2013;
 - (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



INDEPENDENT AUDITORS' REPORT
 To the Members of Vidarbha Industries Power Limited
 Report on the Financial Statements
 Page 2 of 2

Emphasis of Matter

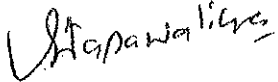
7. We draw attention to Note 4 of the financial statements regarding accounting treatment prescribed in the Scheme of Amalgamation approved by the Honourable High Court of Bombay on March 15, 2013 (Scheme), pursuant to which a wholly owned subsidiary of the Company, Reliance Fuel Resources Limited (RFRL, the transferor company) has been amalgamated with the Company.

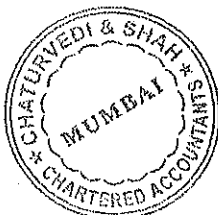
According to the aforesaid Scheme, the excess arising on transfer of assets and liabilities of the transferor company has been credited to the capital reserve arising pursuant to the Scheme and the Company has written off its cancelled investment of Rs. 1,200,000,000 in RFRL in the Statement of Profit and Loss, which otherwise would have not been done. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), 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 Order.
9. As required by section 227(3) of the Act, we report that:
- 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;
 - 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;
 - The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss, 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 Act;
 - On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

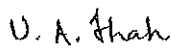
For Chaturvedi & Shah
 Firm Registration Number: 101720W
 Chartered Accountants


Vijay Napawaliya
 Partner
 Membership Number: 109859



Place: Mumbai
 Date: May 13, 2013

For Price Waterhouse
 Firm Registration Number: 301112E
 Chartered Accountants

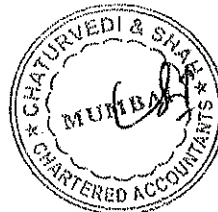
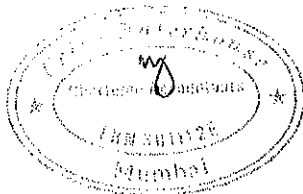

Uday Shah
 Partner
 Membership Number: 46061

Place: Mumbai
 Date: May 13, 2013

Annexure to Independent Auditors' Report

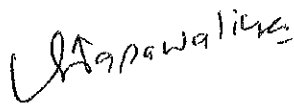
Referred to in paragraph 8 of the Independent Auditors' Report of even date to the members of Vidarbha Industries Power Limited on the financial statements as of and for the year ended March 31, 2013

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off 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.
3. (a) 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 Act. Therefore, the provisions of Clause 4(iii) [(b), (c) and (d)] of the said Order are not applicable to the Company.
- (b) 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. Therefore, the provisions of Clause 4(iii) [(f) and (g)] of the said Order are not applicable to the Company.
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 and fixed assets and for the sale of goods and services. 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. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The Central Government of India has prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act to the Company. However, the same is not applicable to the Company, as the Company has not started commercial operations.
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 regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed amounts payable in respect of such applicable statutory dues as at March 31, 2013 for a period of more than six months from the date they become payable.
- (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, and excise duty which have not been deposited on account of any dispute.
10. The Company has no accumulated losses as at the end of the financial year 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 explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
13. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
15. 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 during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
17. The Company has not raised any loans on short term basis. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
19. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
20. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
21. During the course of our 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 neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

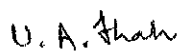
For Chaturvedi & Shah
Firm Registration Number: 101720W
Chartered Accountants


Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: May 13, 2013



For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants


Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 13, 2013

Vidarbha Industries Power Limited
Balance Sheet as at March 31, 2013

Particulars	Note	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
Equity and Liabilities			
Shareholders' funds			
Share capital	3.1	119,105,600	500,000
Reserves and surplus	3.2	12,942,385,644	23,248,235
Share Application money pending allotment			
		-	7,028,560,000
Non-current liabilities			
Long-term borrowings	3.3	24,307,613,314	21,191,510,977
Other long-term liabilities	3.4	2,515,436,206	2,028,667,735
Long-term provisions	3.5	11,864,034	6,446,654
Current liabilities			
Trade payables	3.6	333,423,785	-
Other current liabilities	3.7	3,390,263,482	1,260,933,876
Short-term provisions	3.8	1,904,060	2,653,059
Total		43,621,996,125	31,542,520,536
Assets			
Non-current assets			
Fixed assets			
Tangible assets	3.9	939,709,102	769,658,494
Capital work-in-progress	3.10.1	37,676,506,417	26,794,682,671
Intangible assets under development	3.10.2	112,700,000	112,700,000
Non-current investments	3.11	1,190,000,000	-
Long-term loans and advances	3.12	570,025,535	2,218,409,694
Other non-current assets	3.13	120,957,961	975,500,000
Current assets			
Inventories	3.14	540,000,282	-
Trade receivables	3.15	838,839,508	-
Cash and bank balances	3.16	248,655,138	620,573,816
Short-term loans and advances	3.17	1,375,410,130	11,884,699
Other current assets	3.18	9,192,052	39,111,162
Total		43,621,996,125	31,542,520,536

The notes are an integral part of the financial statements

As per our attached report of even date

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

Vijay Napawaliya
Partner
Membership Number: 109859

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

U. A. Shah
Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 13, 2013

For and on behalf of the Board of Directors

N Venugopala Rao
Director

Aloke Dasgupta
Director

Kamalkant Gupta
Company Secretary and Manager

Place: Mumbai
Date: May 13, 2013

Vidarbha Industries Power Limited
Statement of Profit and Loss for the year ended March 31, 2013

Particulars	Note	Year ended March 31, 2013 Rupees	Year ended March 31, 2012 Rupees
Revenue from operations	3.19	5,089,880,314	-
Other income	3.20	41,031,724	65,913,462
Total revenue		5,130,912,038	65,913,462
Expenses:			
Purchase of energy (net) (Refer note 6)		3,851,664,561	-
Finance cost	3.21	70,231,467	-
Other expenses	3.22	25,815,306	6,900
Investments in Reliance Fuel Resources Limited written off pursuant to the scheme of amalgamation	4	1,200,000,000	-
Total expenses		5,147,711,334	6,900
Profit/(Loss) before tax		(16,799,296)	65,906,562
Tax expense:			
Current tax		-	10,000,000
Profit/(Loss) after tax		(16,799,296)	55,906,562
Earnings per equity share: (Face value of Rs. 10 each)			
-Basic		(53.08)	1,118.13
-Diluted		(53.08)	104.39
(Refer note 11)			

The notes are an integral part of the financial statements

As per our attached report of even date

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

Vijay Napawaliya

Vijay Napawaliya
Partner
Membership Number: 109859



For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

U. A. Shah

Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 13, 2013

For and on behalf of the Board of Directors

N Venugopala Rao

N Venugopala Rao
Director

Aloke Dasgupta

Aloke Dasgupta
Director

Kamalkant Gupta

Kamalkant Gupta
Company Secretary and Manager

Place: Mumbai
Date: May 13, 2013



Vidarbha Industries Power Limited
Cash Flow Statement for the year ended March 31, 2013

Particulars	Year ended March 31, 2013 Rupees	Year ended March 31, 2012 Rupees
(A) Cash Flow from / (used in) operating activities		
Profit/(Loss) before tax		
Adjusted for:	(16,799,296)	65,906,562
Investments in Reliance Fuel Resources Limited (wholly owned subsidiary) written off pursuant to the scheme of amalgamation (Refer note 4)		
Interest income	1,200,000,000	-
Dividend income	(24,688,149)	(29,271,011)
Operating Profit/(Loss) before working capital changes	(16,343,575)	(36,641,651)
Adjustments for:	1,142,160,980	(6,900)
Trade receivables	(838,839,508)	-
Trade payables	333,423,785	-
Inventories	(540,000,282)	-
Net cash from / (used in) operating activities	96,762,975	(6,900)
(B) Cash flow from / (used in) investing activities		
Purchase of fixed assets (including capital work-in-progress and capital advances)	(6,596,545,262)	(14,031,247,368)
Sale of investments (net)	-	44,272,026
Investment in equity shares of Reliance Fuel Resources Limited (wholly owned subsidiary) (Refer note 4)	(1,200,000,000)	-
Interest received	64,821,615	24,969,845
Taxes paid	(20,117,184)	(6,334,476)
Dividend income	43,319,087	86,712,248
Inter corporate deposit to Reliance Power Limited, the holding company (net)	(1,147,000,000)	-
Investment in fixed deposit	(127,500,000)	(975,500,000)
Fixed deposit matured	982,042,039	10,300,000
Net cash from / (used in) investing activities	(8,000,979,705)	(14,846,827,725)
(C) Cash flow from / (used in) financing activities		
Proceeds from share application money	4,832,000,000	2,287,100,000
Proceeds from borrowings - secured	5,420,663,253	12,599,440,647
Repayment of borrowings - secured	(515,443,181)	-
Proceeds from borrowings - unsecured	388,951,434	258,061,405
Interest and finance charges	(2,608,287,158)	(1,260,190,039)
Net cash from / (used in) financing activities	7,528,084,348	13,884,412,013
Net increase in cash and cash equivalents (A+B+C)	(376,142,382)	(962,422,612)
Cash and cash equivalents at the beginning of the year		
Bank balance - current account	620,573,816	1,582,996,428
Cash and cash equivalents acquired:		
Pursuant to the scheme of merger with Reliance Fuel Resources Limited (Refer note 4)	4,223,704	-
Cash and cash equivalents at the end of the year		
Bank balance - current account	248,655,138	620,573,816

Previous year figures have been regrouped and recast wherever necessary to the current year classification.

As per our attached report of even date

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

Vijay Napawallya
Partner
Membership Number: 109059

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

U. A. Shah

Uday Shah
Partner
Membership Number: 46061

Place: Mumbai
Date: May 13, 2013

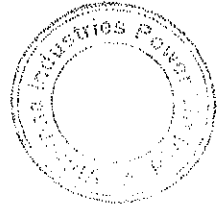


For and on behalf of the Board of Directors

N Venugopala Rao
Director
Alok Dasgupta
Director

Kamalkant Gupta
Company Secretary and Manager

Place: Mumbai
Date: May 13, 2013



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013

1. General information

Vidarbha Industries Power Limited ("the Company") is a subsidiary of Reliance Power Limited. The Company has been set up as a special purpose vehicle to develop and operate 600 mega watt coal based power project at Butibori Industrial area near Nagpur, Maharashtra.

2. Significant accounting policies:

a) Basis of accounting

The financial statements are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under Section 211 (3C) of the Act, read with Companies (Accounting Standards) Rules, 2006.

b) Use of estimates

The preparation and presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as on date of the financial statements and reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which results are known/ materialised.

c) Tangible assets and capital work-in-progress

- (i) Tangible assets are stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.
- (ii) All project related expenditure viz, civil works, machinery / equipment under erection, construction and erection materials, pre-operative expenditure incidental / directly attributable to construction of project, borrowing cost incurred prior to the date of commercial operation, trial run expenditure and construction stores shown under Capital work-in-progress. These expenses are net of recoveries, revenue earned from sale of energy (known as infirm power) which is generated prior to commission and income (net of tax) from surplus funds arising out of project specific borrowings.
- (iii) Any exchange difference on long term foreign currency monetary items on revaluation or settlement at the rate different from the one which was previously reported, in so far relates to depreciable capital assets are added/deducted to/from cost of such assets. Also refer to note 2(k) below.

d) Intangible assets

- (i) Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured.
- (ii) Expenditure incurred on acquisition of intangible assets which are not put to use at the reporting date is disclosed under intangible assets under development.

e) Inventories

Inventories are stated at lower of cost and net realisable value. In case of fuel, "cost" means weighted average cost.

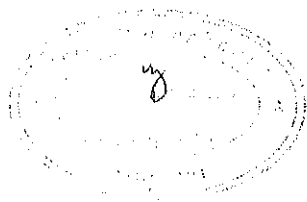
f) Depreciation / Amortisation

Tangible assets:

Tangible assets are depreciated under the 'Straight Line Method' as per the rates and in the manner prescribed under Schedule XIV of the Act, read with the General Circular No. 31/2011 issued by the Ministry of Corporate Affairs dated May 31, 2011, as applicable. Lease hold land is amortised over the lease period from the date of receipt of advance possession or execution of lease deed, whichever is earlier.

g) Investments

Long-term investments are stated at cost less provision for diminution other than temporary, if any, in the value of such investments. Current investments are valued at lower of cost and fair value.



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

h) Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

i) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss.

j) Borrowing costs

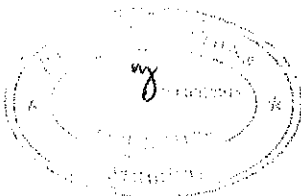
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowings costs are charged to revenue.

k) Foreign currency transactions

- (i) Foreign currency transactions are initially accounted at the exchange rates prevailing on the date of the transaction.
- (ii) All exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- (iii) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, wherein
 - Foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
 - In other case, foreign exchange difference is accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long term asset / liabilities.
 - An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability, which is determined taking into consideration the terms of the payment/settlement as defined under the respective agreement/memorandum of understanding.
- (iv) Non-monetary items denominated in foreign currency are stated at the rate prevailing on the date of the transaction.

l) Revenue recognition

- (i) Revenue from sale of energy is recognised on an accrual basis in accordance with the provisions of power purchase agreement (PPA) / sale arrangements.
- (ii) The surcharge on late payment/overdue sundry debtors for sale of energy is recognised when no significant uncertainty as to measurement or collectability exists.
- (iii) Profit on sale/redemption of investments is accounted on sale/redemption of such investments. Dividend on Investments is accounted when the right to receive payment is established in the entity's favour.



112

Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

m) Employee benefits

(i) Short term employee benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss / Capital work-in-progress, as applicable.

(ii) Defined contribution plans:

Contributions to defined contribution schemes such as provident fund, superannuation etc., are charged off to the Statement of Profit and Loss / Capital work-in-progress, as applicable, during the year in which the employee renders the related service.

(iii) Defined benefit plans:

The Company also provides employee benefits in the form of gratuity and leave encashment, the liability for which is determined by independent actuaries based on actuarial valuation using the projected unit credit method as at the year end. Such defined benefits are charged off to the Statement of Profit and Loss / Capital work-in-progress, as applicable.

n) Accounting for taxes on income

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

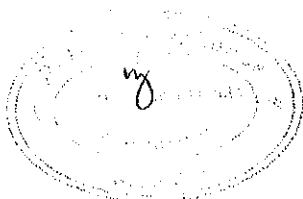
Deferred tax resulting from timing differences between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future. However in respect of unabsorbed depreciation or carry forward loss, the deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the assets will be realised in future.

o) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

p) Earnings per share

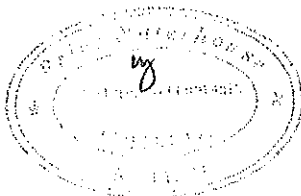
Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.



Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
3.1 Share capital		
Authorised		
150,000,000 (Previous year: 150,000,000) equity shares of Rs. 10 each	1,500,000,000	1,500,000,000
850,000,000 (Previous year: 850,000,000) preference shares of Rs. 10 each	8,500,000,000	8,500,000,000
	<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued		
1,190,806 (Previous year: 535,560) equity shares of Rs. 10 each	11,908,060	5,355,600
10,719,754 (Previous year: 6,543,000) preference shares of Rs. 10 each	107,197,540	65,430,000
	<u>119,105,600</u>	<u>70,785,600</u>
Subscribed and fully paid up		
1,190,806 (Previous year: 50,000) equity shares of Rs. 10 each	11,908,060	500,000
10,719,754 (Previous year: Nil) preference shares of Rs. 10 each	107,197,540	-
	<u>119,105,600</u>	<u>500,000</u>
3.1.1 Reconciliation of number of shares - subscribed and fully paid up		
Equity shares		
Balance at the beginning of the year - 50,000 (Previous year: 50,000) equity shares of Rs. 10 each	500,000	500,000
Add: Issued and subscribed during the year - 1,140,806 (Previous year: Nil) equity shares of Rs. 10 each	11,408,060	-
Balance at the end of the year - 1,190,806 (Previous year: 50,000) equity shares of Rs. 10 each	<u>11,908,060</u>	<u>500,000</u>
Preference shares		
Balance at the beginning of the year	-	-
Add: Issued and subscribed during the year - 10,719,754 (Previous year: Nil) preference shares of Rs. 10 each	107,197,540	-
Balance at the end of the year - 10,719,754 (Previous year: Nil) preference shares of Rs. 10 each	<u>107,197,540</u>	<u>-</u>
3.1.2 Terms / rights attached to shares		
Equity shares		
The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of the equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.		
Preference shares		
The company has only one class of 7.5% Non-Cumulative non-convertible redeemable preference share (NCRPS) having par value of Rs. 10 per share which have been issued at a premium of Rs. 990 per share. All the NCRPS have a maturity period of twenty years from the date of their allotment and can be early redeemed after October 31, 2023. Dividend on NCRPS is payable on the issue price of Rs. 1,000 subsequent to commencement of commercial operations on declaration.		
3.1.3 Shares held by holding company and subsidiary of holding company		
Equity Shares		
Reliance Power Limited - 825,830 (Previous year: 50,000) shares of Rs. 10 each. (Of the above, 825,830 (Previous year: 49,994) shares are held by Reliance Power Limited, the holding company and 6 shares are jointly held by Reliance Power Limited and its nominees)	8,258,300	500,000
Rosa Power Supply Company Limited (subsidiary of Reliance Power Limited) - 364,970 (Previous year: Nil) equity shares of Rs. 10 each	3,649,700	-
	<u>11,908,000</u>	<u>500,000</u>
Preference Shares		
Reliance Power Limited - 6,842,364 (Previous year: Nil) shares of Rs. 10 each.	68,423,640	-
Rosa Power Supply Company Limited (subsidiary of Reliance Power Limited) - 3,877,390 (Previous year: Nil) equity shares of Rs. 10 each.	38,773,900	-
	<u>107,197,540</u>	<u>-</u>

3.1.4 Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	Percentage of share holding		As at March 31, 2013 No. of Shares	As at March 31, 2012 No. of Shares
	As at March 31, 2013	As at March 31, 2012		
Equity shares				
Reliance Power Limited (Equity shares of Rs. 10 each)	59.35%	100.00%	825,830	50,000
Rosa Power Supply Company Limited (subsidiary of Reliance Power Limited) (Equity shares of Rs. 10 each)	30.65%	-	364,970	-
	<u>100.00%</u>	<u>100.00%</u>	<u>1,190,800</u>	<u>50,000</u>
Preference shares				
Reliance Power Limited (Preference shares of Rs. 10 each)	63.83%	-	6,842,364	-
Rosa Power Supply Company Limited (subsidiary of Reliance Power Limited) (Preference shares of Rs. 10 each)	36.17%	-	3,877,390	-
	<u>100.00%</u>	<u>-</u>	<u>10,719,754</u>	<u>-</u>



Victralia Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
3.2 Reserves and surplus		
3.2.1 Capital reserve arisen pursuant to the scheme of amalgamation with Reliance Fuel Resources Limited (Refer Note 4)	1,193,982,305	-
3.2.2 Securities premium account		
Balance at the beginning of the year	-	-
Add:		
- Premium on issue of 1,140,808 (Previous year: Nil) equity shares of Rs.10 each	1,129,367,940	-
- Premium on issue 10,719,754 (Previous year: Nil) preference shares of Rs.10 each	10,612,650,460	-
Balance at the end of the year	11,741,954,400	-
3.2.3 Surplus / (Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	23,248,235	(32,658,327)
Add: Profit / (Loss) for the year	(10,789,286)	55,908,582
Balance at the end of the year	6,446,939	23,248,235
Total Reserves and Surplus	12,942,385,644	23,248,235
3.3 Long-term borrowings		
Secured		
Term loans:		
Rupee loans from banks	10,808,088,637	8,727,050,000
Foreign currency loans from banks	10,589,487,110	10,761,242,482
Rupee loans from financial institutions / other parties	1,194,088,182	388,840,000
	22,601,673,829	19,876,932,482
Unsecured		
Term loans		
Foreign currency loans from banks	1,705,939,385	1,314,578,515
	1,705,939,385	1,314,578,515
	24,307,613,314	21,191,510,977

3.3.1 Nature of security for term loans

The term loans and buyer's credit facility are secured *pan passu* among the lenders by first charge mortgage/hypothecation/assignment on;

- all the immovable properties, both present and future of the Company;
- all the Company's tangible moveable properties and assets, both present and future including moveable plant and machinery, machinery spares, equipments, tools and accessories, furniture, fixtures and vehicles;
- Company's cash flows arising out of or in connection with the project, book debts, receivables, current assets and revenue of whatsoever nature both present and future;
- intangible assets of the Company;
- all the project documents, letter of credit, authorized investments, trust and retention accounts, corporate guarantee / bank guarantee, Government approvals, insurance policies, permits and any other security to the project documents;
- non disposal undertaking in favour of Lenders by Reliance Power Limited (Holding Company) for 51% of the total equity share capital of the Company;
- unconditional and irrevocable corporate guarantee of Reliance Power Limited (Holding Company) in favour of Security Trustee for the benefit of Lenders;
- Pursuant to the agreement between the Reliance Power Limited (the "Promoter") and the Company, the promoter, has given an undertaking to the Lenders to support the Company towards cost overrun for the project (upto 10% of the project cost).

3.3.2 Terms of repayment

Secured

Foreign currency term loan is repayable in 28 equal quarterly installments commencing from June 30, 2013.

Rupee term loan is repayable in 44 equal quarterly installments from January 31, 2013.

The above term loan includes buyer's credit facility availed in foreign currency, aggregating to Rs. 3,608,577,110 (Previous year: Rs. 3,087,767,481) to be refinanced / settled through long term loan.

Unsecured

The unsecured loan consists of buyer's credit facility availed in foreign currency, aggregating to Rs. 1,705,939,385 (Previous year: Rs. 1,314,578,515) to be refinanced / settled through long term loan.

3.3.3 Interest

Secured

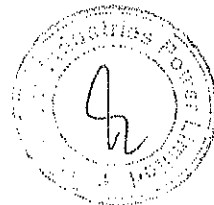
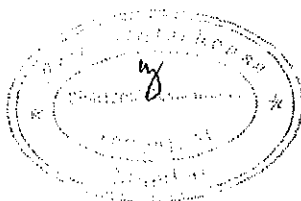
Rupee term loans carry an interest rate which shall be the Axis Bank Base Rate or the Base Rate of the respective Rupee Lender or the Base Rate of State Bank of India or State Bank of Travancore plus the spread, whichever is higher, payable on a monthly basis.

Foreign currency term loan carries an interest rate of USD LIBOR plus 4.60% per annum, payable on a quarterly basis.

Foreign currency loan includes buyer's credit facility which carries an average interest rate of USD LIBOR plus 2.06% payable at the time of settlement / refinancing.

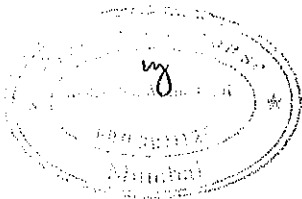
Unsecured

Foreign currency loan includes buyer's credit facility which carries an average interest rate of USD LIBOR plus 2.22% payable at the time of settlement / refinancing.



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

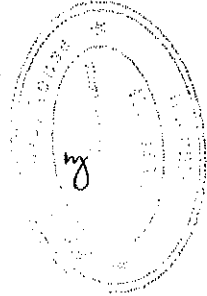
Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
3.4 Other long term liabilities		
Retention money payable (including Rs. 1,004,481,073 (previous year Rs. 1,450,409,072) to related party (Refer note 10))	2,513,207,194	2,028,667,735
Creditors for capital expenditure (Refer note 14)	2,220,012	-
	<u>2,515,428,206</u>	<u>2,028,667,735</u>
3.5 Long-term provisions		
Provision for employee benefits:		
Provision for gratuity (Refer note 9)	11,884,034	1,050,859
Provision for leave encashment (Refer note 9)	-	5,395,795
	<u>11,884,034</u>	<u>6,446,654</u>
3.6 Trade payables		
Trade payables (Refer note 14) (For amounts payable to related party, refer note 10)	333,423,785	-
	<u>333,423,785</u>	<u>-</u>
3.7 Other current liabilities		
Current maturities of long-term borrowings	3,027,255,000	312,210,000
Interest accrued but not due on borrowings	98,863,373	69,838,247
Security deposits received	895,490	162,890
Creditors for capital expenditure (Refer note 14) (including Rs. 49,321,336 (previous year Rs. 184,584,237) to related party (Refer note 10))	155,787,428	820,138,138
Retention money payable	11,484,347	11,513,981
Dues to holding company (Refer note 10)	-	9,849,637
Others*	98,007,844	37,422,883
*(Including provident fund, tax deducted at source and other miscellaneous payables)	<u>3,390,283,482</u>	<u>1,280,933,876</u>
3.8 Short-term provisions		
Provision for employee benefits:		
Leave encashment (Refer note 9)	1,904,060	720,451
	<u>1,904,060</u>	<u>720,451</u>
Others:		
Provision for taxes [Net of advance tax (Previous year: Rs. 8,067,392)]	-	1,932,608
	<u>-</u>	<u>1,932,608</u>
	<u>1,904,060</u>	<u>2,653,059</u>



3.9 Tangible assets

Particulars	Gross Block (at cost)		Depreciation / Amortisation		Net Block	
	As at April 1, 2012	Additions during the year	As at March 31, 2013	Up to March 31, 2012	For the year	Up to March 31, 2013
Freehold land *	482,667,415	117,303,125	599,970,540	-	-	-
Leasehold land	239,787,960	26,735,912	266,523,872	8,188,639	2,730,014	10,918,653
Buildings	21,739,916	-	21,739,916	1,488,625	338,827	1,827,452
Plant and machinery	18,265,473	12,502,295	30,767,768	326,513	1,353,251	1,679,764
Furniture and fixtures	7,948,832	4,412,767	12,361,599	1,541,884	835,252	2,377,136
Motor vehicles	1,557,680	14,035,006	15,592,686	398,316	525,840	923,956
Office equipments	5,548,527	1,168,563	6,717,090	775,119	385,305	1,160,424
Computers	7,559,489	1,416,870	8,976,359	2,697,702	1,355,641	4,053,343
Total	785,075,292	177,574,538	962,649,830	15,416,798	7,523,930	22,940,728
Previous year	558,083,000	226,992,292	785,075,292	9,284,008	6,132,790	15,416,798

*Freehold land includes 1.906 acres (Previous year:35.352 acres) of land for Rs 3,369,130 (Previous year:Rs. 124,548,463) which have been capitalised based on the agreement to sale with respective parties and advance possession received. The final registration of land is in process.



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

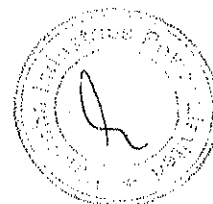
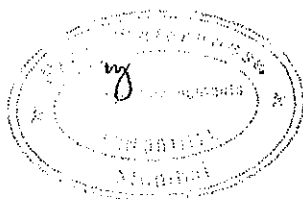
3.10.1 Capital work-in-progress

Rupees

Particulars	As at April 1, 2012	Incurred during the year	As at March 31, 2013
A. Assets under construction	23,146,736,590	6,269,947,533	29,416,684,123
B. Incidental expenditure pending allocation / capitalisation			
(i) Expenses			
Interest and finance charges	1,606,259,207	2,633,512,284	4,239,771,491
Net foreign exchange (gain) / loss [Refer notes 2 (k) (iii) and 13]	1,349,492,499	837,447,114	2,186,939,613
Employee benefit expense			
- Salaries, bonus and other allowances	228,417,781	210,360,668	438,778,449
- Contribution to provident and other funds (Refer note 9)	8,547,116	8,011,247	16,558,363
- Gratuity and leave encashment (Refer note 9)	10,337,074	16,243,616	26,580,690
Depreciation	15,416,798	7,523,930	22,940,728
Insurance charges	36,480,245	66,152,813	102,633,058
Fuel and operational expenses	-	383,588,432	383,588,432
Legal and professional charges (including shared service cost)	180,920,134	63,201,739	244,121,873
Travelling and conveyance	34,606,892	25,204,441	59,811,333
Other expenses	293,115,467	420,008,695	713,124,162
Sub total	3,763,593,213	4,671,254,879	8,434,848,192
(ii) Income			
Interest on fixed deposit	34,851,379	10,214,356	45,065,735
Dividend income on current investments (non-trade)	56,226,729	26,975,512	83,202,241
Sale of infirm power	-	813,755	813,755
Gain on sale of current investments (non-trade)	521,583	-	521,583
Miscellaneous income	24,047,441	21,375,143	45,422,584
Sub total	115,647,132	59,378,766	175,025,898
Net expenditure pending allocation (i) - (ii)	3,647,946,081	4,611,876,213	8,259,822,294
Total (A+B)	26,794,682,671	10,881,823,746	37,676,506,417
Previous Year	7,607,962,285	19,186,720,386	26,794,682,671

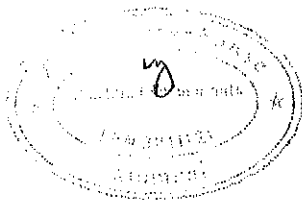
3.10.2 Intangible assets under development

This represents expenditure incurred by the Company towards additional water supply from Maharashtra Industrial Development Corporation (MIDC).



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

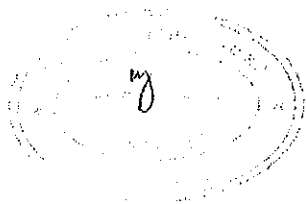
Particulars	As at March 31, 2013 Rupees	As at March 31, 2012 Rupees
3.11 Non-current Investments (Non Trade)		
In Preference shares (Unquoted, fully paid up, valued at cost)		
7.5% Non-cumulative non-convertible redeemable preference shares:		
Kelai Hydro Power Private Limited - 1,000,000 shares (Previous year: Nil) #	1,000,000,000	-
(Refer Note 10)		
Siyom Hydro Power Private Limited - 190,000 shares (Previous year: Nil) #	180,000,000	-
(Refer Note 10)		
	<u>1,180,000,000</u>	<u>-</u>
# The shares in these companies are carried at cost arrived in accordance with the terms specified in Scheme of amalgamation and arrangement sanctioned by the High Court of Bombay on March 15, 2013. Refer note 4.		
3.12 Long-term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Capital advances		
[including Rs 17,318,942 (Previous year Rs 1,810,572,192) to related party (Refer Note 10)]	328,473,482	2,135,629,984
Security deposits		
Advance income tax (Net of provision for tax Rs.10,209,000)	158,946,045	56,855,450
Prepaid expenses	17,876,578	-
VAT recoverable	937,853	1,878,589
	65,691,599	24,047,692
	<u>570,025,535</u>	<u>2,218,408,694</u>
3.13 Other non-current assets		
Deposits with maturity period of more than twelve months:		
Margin money deposits	120,957,961	975,500,000
	<u>120,957,961</u>	<u>975,500,000</u>
3.14 Inventories		
Fuel	540,000,282	-
	<u>540,000,282</u>	<u>-</u>
3.15 Trade receivables		
(Unsecured and considered good unless stated otherwise)		
Others - less than six months (Refer note 10)	838,839,508	-
	<u>838,839,508</u>	<u>-</u>
3.16 Cash and bank balances		
Cash and cash equivalents:		
Bank balance in current account	248,855,138	620,573,816
	<u>248,855,138</u>	<u>620,573,816</u>
3.17 Short-term loans and advances		
(Unsecured and considered good unless stated otherwise)		
Inter corporate deposits (Refer note 10)	1,147,000,000	-
Advance recoverable in cash or in kind	197,187,805	1,444,898
Prepaid expenses	30,818,432	10,390,184
Loans / advances to employees	404,093	49,617
	<u>1,375,410,130</u>	<u>11,884,699</u>
3.18 Other current assets		
(Unsecured and considered good unless stated otherwise)		
Interest accrued on deposits	9,192,052	39,111,182
	<u>9,192,052</u>	<u>39,111,182</u>



Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

Particulars	Year ended March 31, 2013 Rupees	Year ended March 31, 2012 Rupees
3.19 Revenue from operations		
Sale of energy (Refer note G)	5,089,880,314	-
	<u>5,089,880,314</u>	<u>-</u>
3.20 Other Income		
Interest income		
Bank deposits	24,688,149	29,263,428
Others	-	8,383
Dividend income on current investments (non trade)	16,343,575	36,641,651
	<u>41,031,724</u>	<u>65,913,462</u>
3.21 Finance cost		
Rebate to a customer	67,341,222	-
Other finance charges	2,890,245	-
	<u>70,231,467</u>	<u>-</u>
3.22 Other expenses		
Open access charges	25,780,380	-
Miscellaneous expenses	34,926	6,900
	<u>25,815,306</u>	<u>6,900</u>



4. Scheme of amalgamation between the Company and Reliance Fuel Resources Limited

Reliance Fuel Resources Limited (RFRL), a wholly owned subsidiary of the Company, incorporated with the main object to operate, install, develop, promote and maintain projects in infrastructure sectors including setting up power plants etc., was amalgamated into the Company pursuant to the Scheme of Amalgamation and Arrangement (Scheme), as on and from January 1, 2013, being the appointed date pursuant to the approval of Board of Directors of the Company and sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated March 15, 2013 which was filed with the Registrar of Companies on April 18, 2013.

The Company has carried out the accounting treatment prescribed in the Scheme as approved by the Hon'ble High Court of Judicature at Bombay. The required disclosures for accounting of scheme as per the "Pooling of Interest Method" as given under Accounting Standard 14 (AS 14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided.

Accordingly, following accounting treatment has been done:

- a) The Company has taken over all the assets aggregating to Rs. 1,194,223,704 and liabilities aggregating to Rs. 241,399 at their respective book values. The difference aggregating to Rs. 1,193,982,305 being the excess arising on transfer of assets and liabilities has been credited to Capital Reserve (arising pursuant to the Scheme).
- b) No consideration is payable or receivable on implementation of the Scheme as the Scheme involves a wholly owned subsidiary.
- c) As a consequence of and as per the Scheme, the investment of Rs. 1,200,000,000 of the Company in 2,190,000 Equity Shares of RFRL has been cancelled and in accordance with the Scheme the consequential write off has been made in the Statement of Profit and Loss.
- d) To offset the said write off, as per the Scheme, the Company was required to withdraw from its General Reserve or if so decided by its Board of Directors from the Securities Premium account and credit the same to its Statement of Profit and Loss. Considering there is no General Reserve available with the company and based on the Board of Directors decision in its meeting held on May 13, 2013 not to utilize the Securities Premium account to offset the said write off, there is no credit to the Statement of Profit and Loss.

Had the Scheme not prescribed the above accounting treatments and the company had followed the accounting treatment prescribed under AS14, the Capital Reserve (arising pursuant to the Scheme) would have been lower by Rs. 1,193,982,305, Surplus in Statement of Profit and Loss Account would have been lower by Rs. 6,017,695 and investments in RFRL amounting to Rs. 1,200,000,000 would not have been written off in the Statement of Profit and Loss of the Company.

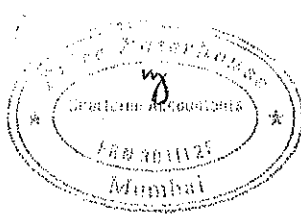
5. Project status

The Company is currently developing 600MW (2 X 300MW) coal fired power project with sub critical technology located at Butibori Maharashtra Industrial Development Corporation (MIDC) area in Nagpur, Maharashtra. The Company has awarded the Engineering, Procurement and Construction (EPC) contract to Reliance Infrastructure Limited. During the year, the first unit of 300 MW started trial run operations and declared commercial operations on April 4, 2013.

- 6. During the year, as part of its obligation under the Power Purchase Agreement, the Company purchased power and sold it to the procurer, which is disclosed in the Statement of Profit and Loss.

7. Capital commitments:

Estimated amount of contracts (net of capital advance) remaining to be executed on capital account and not provided for is Rs. 3,134,104,334 (Previous Year Rs. 5,213,372,519).



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

8. Details of remuneration to auditors:

Particulars	Year ended March 31, 2013	Rupees Year ended March 31, 2012
As auditors		
- For statutory audit	7,200,000	4,800,000
Out-of-pocket expenses	111,347	28,345
	7,311,347	4,828,345

9. Disclosure under Accounting Standard 15 (revised 2005) "Employee Benefits"

The Company has classified various employee benefits as under:

A. Defined contribution plans

- (a) Provident fund
- (b) Superannuation fund
- (c) State defined contribution plans
 - Employees' Pension Scheme 1995

The provident fund and the state defined contribution plan are operated by the Regional Provident Fund Commissioner and the superannuation fund is administered by the Trust. Under the schemes, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit schemes to fund the benefits.

The Company has recognised the following amounts in the Capital work-in-progress for the year:

Particulars	Year ended March 31, 2013	Rupees Year ended March 31, 2012
Contribution to Provident Fund	5,989,886	4,001,553
Contribution to Employees' Superannuation Fund	631,826	394,033
Contribution to Employees' Pension Scheme, 1995	1,389,535	830,127

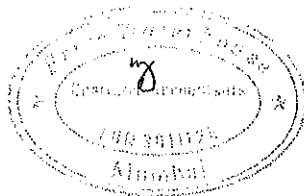
B. Defined benefit plans

- (a) Gratuity
- (b) Leave encashment

Leave encashment is payable to eligible employees who have earned leave, during the employment and/or on separation as per the Company's policy.

Valuations in respect of gratuity and leave encashment have been carried out by independent actuary, as at the Balance Sheet date, based on the following assumptions:

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount rate (Per annum)	8.00%	8.00%	8.50%	8.50%
Rate of increase in compensation levels	7.50%	7.50%	7.50%	7.50%
Rate of return on plan assets	8.25%	-	8.25%	-
Expected average remaining working life of Employees in number of years	12.73 years	-	11.87 years	-

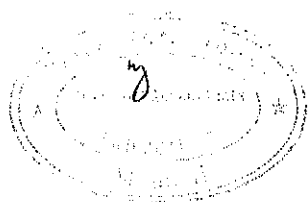


Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

Sr. No.	Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
(i)	Changes in present value of obligation				
	Opening balance of present value of obligation	7,089,504	6,116,246	2,262,867	1,958,773
	Current service cost	2,045,864	3,378,781	656,860	1,110,266
	Interest cost	765,055	776,458	237,720	249,813
	Liabilities on transfer of employees (net)	(1,751,606)	(207,537)	1,492,132	785,282
	Actuarial losses / (gains)	5,736,232	4,173,826	2,439,925	2,100,021
	Benefits paid	-	(469,680)	-	(87,909)
	Closing balance of present value of obligation	13,885,049	13,768,094	7,089,504	6,116,246
(ii)	Changes in fair value of plan assets				
	Opening balance of fair value of plan assets	6,038,645	-	1,658,411	-
	Employer's contributions	8,151,657	469,680	3,674,896	87,909
	Expected return on plan assets	498,188	-	136,819	-
	Actuarial gains / (losses)	134,412	-	568,519	-
	Closing balance of fair value of plan assets	14,822,902	-	6,038,645	-
	Benefits paid	-	(469,680)	-	(87,909)
	Closing balance of fair value of plan assets	14,822,902	-	6,038,645	-
(iii)	Percentage of each category of plan assets to total fair value of plan assets				
	Administered by Reliance Life Insurance Company Limited	100%	-	100%	-
(iv)	Amounts recognised in the Balance Sheet				
	Closing balance of present value of obligation	13,885,049	13,768,094	7,089,504	6,116,246
	Closing balance of fair value of plan assets (Including pending transfer)	14,822,902	-	6,038,645	-
	Funded (asset)* / liability recognised in the Balance Sheet	(937,853)	-	1,050,859	-
	Unfunded liability recognised in the Balance Sheet	-	13,768,094	-	6,116,246

*Grouped under prepaid expenses in note 3.12



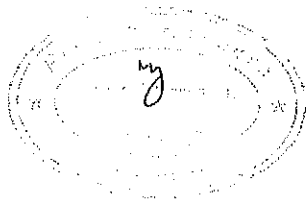
Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

Sr. No.	Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
		Gratuity	Leave Encashment	Gratuity	Leave Encashment
(v)	Expenses recognised in the Capital Work in Progress				
	Current service cost	2,045,864	3,378,781	656,860	1,110,266
	Interest cost	765,055	776,458	237,720	249,813
	Expected return on plan assets	(498,188)	-	(136,819)	-
	Net actuarial (gains) / losses	5,601,820	4,173,826	1,871,406	2,100,021
	Total expenses recognised in the Capital-work-in-progress	7,914,551	8,329,065	2,629,167	3,460,100
(vi)	Actuarial gains / (losses) on obligations				
	Net Actuarial (gains) / losses due to experience	5,116,316	3,500,024	3,204,527	2,244,529
	Net Actuarial (gains) / losses due to change in assumption	485,504	673,802	(1,333,121)	(144,508)
(vii)	Expected employers' contribution for the next year	2,000,000	1,904,060	2,000,000	720,451
(viii)	Disclosure as required under Para 120(n):				

Particulars	Rupees				
	Gratuity				
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Present value of the defined benefit obligation	13,885,049	7,089,504	2,262,867	1,155,411	722,469
Fair value of the plan assets	14,822,902	6,038,645	1,658,411	1,713,367	703,820
(Surplus) / deficit in the plan	(937,853)	1,050,859	604,456	(557,956)	18,649
Experience adjustment on plan liabilities	4,981,904	2,636,008	1,243,630	(21,415)	-
Experience adjustment on plan assets	134,412	568,519	(26,382)	(37,613)	-

Particulars	Rupees				
	Leave encashment				
	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Present value of the defined benefit obligation	13,768,094	6,116,246	1,958,773	1,023,998	958,957
Fair value of the plan assets	-	-	-	349,234	-
(Surplus) / deficit in the plan	13,768,094	6,116,246	1,958,773	674,764	958,957
Experience adjustment on plan liabilities	3,500,024	2,244,529	960,606	(353,920)	-
Experience adjustment on plan assets	-	-	-	-	-

The actuarial valuation of gratuity liability does not include liability of seconded employees as the gratuity will be paid by the holding company as per the terms of secondment.



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

10. Related party disclosures

As per Accounting Standard - 18 as prescribed under Companies (Accounting Standards) Rules, 2006, the Company's related parties and transactions are disclosed below:

A. Parties where control exists:

- (i) **Holding company**
 Reliance Power Limited (R Power)
- (ii) **Subsidiary Company**
 Erstwhile Reliance Fuel Resources Limited (RFRL) (from December 1, 2012 to December 31, 2012)

B. Investing parties / promoters having significant influence on the holding company directly or indirectly:

Companies

Reliance Infrastructure Limited (R Infra)
 AAA Project Ventures Private Limited (APVPL) (upto December 19, 2012)

Individual

Shri Anil D. Ambani

C. Major Investing party:

Company

Rosa Power Supply Company Limited (RPSL), a wholly owned subsidiary of R Power.

D. Key Management Personnel

Kamalkant Gupta – Manager and Company Secretary*
 *No transaction with the Company during the year.

E. Other related parties with whom transaction have taken place during the year / closing balance existed at the year end

- (i) **Enterprises over which, companies / individuals mentioned in clause B above, have control.**

Reliance General Insurance Company Limited (RGICL)
 Reliance Communication Limited (RCOM)
 Reliance Infocomm Infrastructure Private Limited (RIIPL)
 Reliance Energy Trading Limited (RETL)

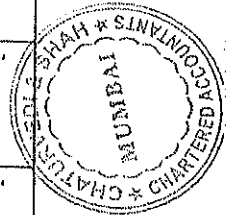
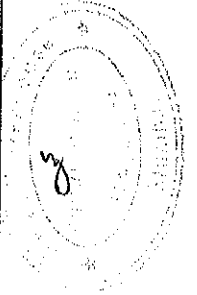
- (ii) **Fellow subsidiaries:**

Coastal Andhra Power Limited (CAPL)
 Reliance Coal Resources Private Limited (RCRL)
 Sasan Power Limited (SAPL)
 Kalai Power Private Limited (KPPL)
 Siyom Hydro Power Private Limited (SHPPL)



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

Particulars	R Power	R Infra	RCOM	RGICL	RIUPL	CAPL	RETL	RCRL	SAPL	RFRL	Rupees			
											KPPL	SHPPL	RPSL	
Transactions during the year														
Legal and Professional Charges (including shared service charges)	5,618,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses paid by	21,928,516	117,096,523	-	-	-	58,520	-	-	20,292	-	-	-	-	-
Reimbursement of expenses received from	37,107,460	75,847,069	2,603,521	-	-	-	-	-	90,489	-	-	-	-	36,600
Insurance premium	-	-	-	27,883,867	-	-	-	-	-	-	-	-	-	-
Receipt of share application money	4,832,000,000	-	-	1,526,132	-	-	-	-	-	-	-	-	-	-
Other advance given	12,700,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Refund of advance given	170,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of energy (net of rebate and compensation)	(12,700,000)	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of energy (net of rebate)	(170,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of energy (net of rebate)	-	5,022,539,092	-	-	-	-	3,351,664,561	-	-	-	-	-	-	-
Advance refund against EPC Contract	-	(2,500,000,000)	-	-	-	-	-	-	-	-	-	-	-	-
Open access charges paid / (reimbursed)	-	(10,723,186)	-	-	-	-	36,503,565	-	-	-	-	-	-	-
Purchase of investments (Refer Note 4)	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in equity shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposit given during the year	2,449,500,000	-	-	-	-	-	-	-	-	1,190,000,000	-	-	-	-
Inter corporate deposit refunded during the year	1,302,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Material/ services received against EPC contract	-	5,534,678,169	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of material / services	-	9,294,199,905	-	-	-	-	-	-	-	-	-	-	-	-
Corporate / Counter Guarantees Issued on behalf of the Company for buyers credit financing and other purposes	14,267,578	-	1,183,254	-	12,802,536	10,997,456	-	95,754,556	-	-	-	-	-	-
	1,174,117,151	-	-	-	10,800,000	-	-	-	-	-	-	-	-	-



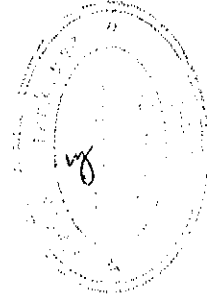
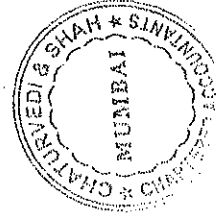
Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

Particulars	R Power	R Infra	R COM	RGICL	RIIPL	CAPL	RETL	RCRL	SAPL	RFRL	KPPL	SHPPL	RPSL
Closing Balances													
Share application money pending allotment (net)	7,028,550,000	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-	333,423,785	-	-	-	-	-	-
Trade receivables	-	839,839,508	-	-	-	-	-	-	-	-	-	-	-
Other payables / (receivables)	-	-	38,210,888	-	11,110,448	-	-	-	-	-	-	-	-
Advance against EPC contract	9,849,836	104,575,893	38,210,888	-	10,800,000	10,997,456	-	-	-	-	-	-	(11,698)
Inter corporate deposit given	1,147,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Retention payable towards EPC contract	-	1,884,461,073	-	-	-	-	-	-	-	-	-	-	-
Investment in preference shares	-	1,450,409,072	-	-	-	-	-	-	-	-	1,000,000,000	190,000,000	-
Equity share capital (excluding premium)	8,258,360	-	-	-	-	-	-	-	-	-	-	-	3,648,700
Preference share capital (excluding premium)	500,000	-	-	-	-	-	-	-	-	-	-	-	-
Corporate / counter Guarantees issued on behalf of the company for buyers credit financing and other purposes	68,423,640	-	-	-	-	-	-	-	-	-	-	-	38,773,900
	2,561,794,230	-	-	-	-	-	-	-	-	-	-	-	-
	2,987,830,360	-	-	-	-	-	-	-	-	-	-	-	-

Figures in Italics indicate previous year figures

Also Refer Note 3.3.1

The above disclosure does not include transactions with public utility service providers, viz. electricity and telecommunication in the normal course of business.



Vidarbha Industries Power Limited

Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

11. Earnings Per Share

	Year ended March 31, 2013	Year ended March 31, 2012
Profit/(loss) for the year (Rupees) (A)	(16,799,296)	55,906,562
Weighted average number of equity shares (B)	316,505	50,000
Weighted average number of equity shares - Diluted (C)	316,505	535,560
Earnings/(loss) per share - Basic (Rupees) (A/B)	(53.08)	1,118.13
Earnings per share - Diluted (Rupees) (A/C)	(53.08)	104.39
Nominal value of an equity share (Rs.)	10	10

12. Foreign currency exposure

i. Net Foreign Currency exposure that are not covered by derivative instrument or otherwise are as follows:

Sr No.	Particulars	Year ended March 31 2013		Year ended March 31 2012	
		Amount in USD	Amount in Rupees	Amount in USD	Amount in Rupees
(a)	Borrowings, including interest accrued but not due	249,456,690	13,567,774,754	237,427,630	12,145,966,532
(b)	Capital Creditors and retention (net of advance)	12,458,358	685,171,124	21,870,037	1,124,856,543

Borrowings under foreign currency loans from bankers include buyers' credit facility.

ii. CIF value of imports

Particulars	Year ended March 31, 2013	Rupees Year ended March 31, 2012
Capital goods	144,050,547	5,547,836,563

iii. Expenditure in foreign currency

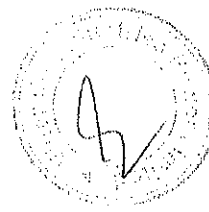
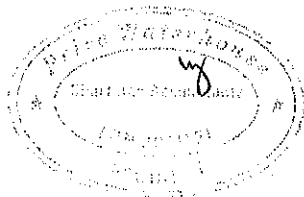
Particulars	Year ended March 31, 2013	Rupees Year ended March 31, 2012
Finance charges	-	30,229,839
Interest	548,178,183	320,366,970
Legal and professional fees	10,102,263	3,842,799
	558,280,446	354,439,608

13. Exchange differences on foreign currency monetary items:

The Company has availed the option available with respect to accounting for exchange difference arising on long term foreign currency monetary items in the Companies (Accounting Standards) (Second Amendment), Rules, 2011. Due to exercise of the said option as explained in Note 2(k) above, the Company has adjusted the value of Capital work-in-progress by Rs. 637,447,114 (Loss) [Previous Year Rs. 1,349,492,499 (Loss)] towards the exchange difference arising on long term foreign currency monetary liabilities. The amount capitalised in the current year also includes exchange difference defined as interest cost under para 4(e) of Accounting Standard 16 "Borrowing Costs", pursuant to circular dated August 9, 2012 from Ministry of Company Affairs.

14. Micro, Medium and Small Scale Business Entities:

There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.



Vidarbha Industries Power Limited
Notes to the financial statements as of and for the year ended March 31, 2013 (Continued)

15. Segment reporting:

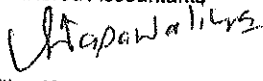
In accordance with Accounting Standard - 17 "Segment Reporting" as prescribed under Companies (Accounting Standards) Rules, 2006, the Company has determined its business segment as power generation. Since, there are no other business segments in which the Company operates and the power generated would be sold within India, there are no other primary reportable segments. Therefore the segment revenue, segment results, segment assets, segment liabilities, total cost incurred to acquire segment assets, depreciation charge are all as is reflected in the financial statements.

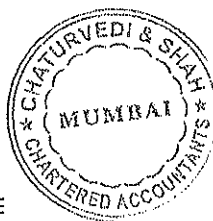
16. Previous year figures

Previous year figures have been reclassified, wherever considered necessary, to conform to the current year classification.

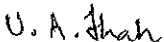
As per our attached report of even date

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


Vijay Napawaliya
Partner
Membership Number : 109859



For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants



U. A. Shah

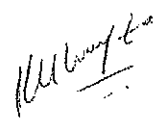
Uday Shah
Partner
Membership Number. 46061

Place: Mumbai
Date: May 13, 2013

For and on behalf of the Board of Directors


N Venugopala Rao
Director


Aloke Dasgupta
Director



Kamalkant Gupta
Company Secretary and Manager

Place: Mumbai
Date: May 13, 2013



Annexure-8



MERC

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

Centre 1, 13th Floor, World Trade Centre, Cuffe Parade, Colaba,
Mumbai - 400 005.

ORIGINAL COPY
(Not Transferable)

RECEIPT NO. 4350

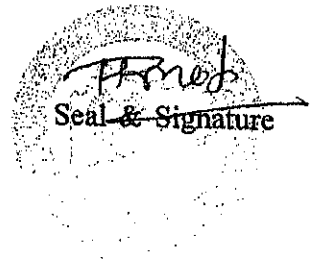
DATE 21/2/14

Received with thanks from Vidarbha Industries Power Ltd.

the sum of Rs. 15,00,000/- (Rs. Fifteen lakh only & Five lakh only) in full / part / balance payment on account of grant of Transmission License, ARR - 2014-15

by Cash / Cheque / Demand Draft / Pay Order No. 061846206233/1712.13 & dated 11.02.14
drawn on Axis Bank Ltd.

Note : This receipt is valid subject to realization of cheque/demand draft/pay order.



Appendix-3

Original

PHONE : (O) 26598588 / 95
(P) 26598589
FAX : 022- 26598587
E-Mail : cetpl@mahatransco.in



Office of the Chief Engineer
Transmission Project Deptt.
'Prakashganga', MSETCL
Plot no. C-18, E-Block,
Bandra Kurla complex, Bandra (E),
Mumbai - 400051

FAX : 022- 26598587

Ref. No.: MSETCL/CO/Tr. Proj/S & C I/ 378/ 15206

Date: 30.09.2010

Provisional Demand Note

To,
The Managing Director,
M/s Vidarbha Industries Power Limited,
Dhirubhai Ambani Knowledge City,
Thane Belapur Road, Koparkhairane,
Navi Mumbai 400710 ; Fax: 022-30386999/ 6799

Sub:- Evacuation of power from 300 MW Coal based Group Captive Power Project to be set up by
M/s Vidarbha Industries Power Ltd, at MIDC Industrial Area, Butibori, Nagpur.

---- Provisional Demand Note thereof.

- Ref.: 1) L. No. MSETCL/CO/STU/302 B /7664 dt 19.05.2010 from C.E. (STU)
2) L. No. SE/EHV/CC /Nagpur/ Tech/1495 dt 08.06.2010 from SE, EHV Const. Circle, Nagpur
3) VIPL/MUM/MSETCL/June 10/46 dt. 18.06.2010
4) T.O.L MSETCL/CO/Tr. Proj./ S&C/378/11318 dt. 23.07.2010

Dear Sir,

With ref. to the subject cited above, this is to convey you to effect the payments for supervision charges for evacuation of power from 300 MW Coal based Group Captive Power Project to be set up by M/s Vidarbha Industries Power Ltd, at MIDC Industrial Area, Butibori, Nagpur. C.E.(STU), vide letter under ref. 1 above, have granted grid connectivity for evacuation of power from the proposed power project by constructing 220 kV D/C line with AL 59 (593 SQ. MM, 61/3.50 MM) conductor from your proposed power plant up to point of injection at MSETCL proposed 220 KV Butibori-III substation. Further, as per the feasibility report from field office, the evacuation arrangement for the proposed power plant is technically feasible as per Grid connectivity granted by STU.

The works of evacuation of power from proposed power plant is to be executed by you as per standards & specifications of and under MSETCL supervision. The scheme for the same is under process of approved from Competent Authority of MSETCL.

I The scope of work covers the following:

A. Works to be executed by M/s Vidarbha Industries Power Ltd. :

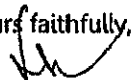
1. 220 KV Double Circuit Line on Double Circuit Towers from proposed 220 kv Butibori-III to M/s Vidarbha Industries Power Ltd.(VIPL) premises -2 KM
2. 220 kV Feeder bay at M/s VIP Ltd.(VIPL) premises - 3 Bus (2 nos)
3. Optical Fibre/ADSS cable between prop. Butibori-III s/s and prop. switchyard of M/s VIPL (in lieu of PLCC) for data transfer & pilot wire protection-2 KM
4. Metering Room (AC)
5. Metering CT,PT, Isolator at M/s Vidarbha Industries Power Ltd.(VIPL) premises

2 of 5

6. Bus Bar Protection for 220 KV Bus at M/s Vidarbha Industries Power Ltd.(VIPL) premises
 7. Control room & allied civil works
 8. SCADA for remote monitoring to be installed at 220 KV Butibori-III substation - 1 Set
 9. ABT Metering /Energy Metering for provision of link with RLDC/SLDC
- B. Works to be executed by MSETCL
1. 220 kv Feeder bay at proposed 220 KV Butibori-III substation - 3 Bus (2 nos)

- II M/s Vidarbha Industries Power Ltd.(VIPL) has to pay an amount of Rs. 384.00 lakhs as supervision charges and the work of supervision will start only after receipt of payment to MSETCL. It is to be noted that validity period of this demand letter for effecting payment is six months only.
- III This is provisional estimate only since the scheme is yet to be approved by Competent Authority of MSETCL. As such the above mentioned cost may subject to revision for various reasons and shall be binding on you. Consequently, you have to pay the balance/difference in amount, if any.
- IV. You have to obtain the approval for single line diagram & switchyard layout and composite layout drawing approval with synchronization scheme from S.E. (Design & Engg.), Prakashganga, MSETCL, Mumbai. **The detail terms and conditions are enclosed herewith as Annexure I.**
- V **You are requested to pay the above total amount of Rs. 384.00 lakhs immediately in the office of the Sr. Manager (FMS), 4th floor, Hongkong Bank Building, MSETCL, Mumbai 400023.** The payment is to be made by cheque / DD payable to the Maharashtra State Electricity Transmission Company Limited, Mumbai payable at Mumbai. The outstation cheque will not be accepted. The supervision works start only after receipt of above amount to MSETCL.

Thanking you,

Yours faithfully,


Chief Engineer (Trans. Project)

Copy s.w.rs to

1. The Executive Director (Project) MSETCL, Prakashganga, Mumbai
2. The Chief General Manager (F & A), MSETCL, Prakashganga, Mumbai

Copy f.w.cs to

1. The Chief Engineer Construction cum O & M zone, MSETCL, Nagpur
2. The Chief Engineer (STU), MSETCL, Mumbai

Copy to

1. The S.E. D & E (S/S)/ Lines , Trans Project, MSETCL, Prakashganga, Mumbai.
2. The S.E. EHV Const / TCC/ Trans (O&M) Circle, MSETCL, Nagpur
3. The Sr. Manager (FMS), MSETCL, HSBC building, Fort Mumbai

----- It is requested to raise credit IBA in favor of S.E. EHV CC, Nagpur under intimation to this office after receipt of payment.

165

ANNEXURE I

Terms & Conditions

The Evacuation arrangement will be executed on following terms and conditions.

- A. The developer has to wait till the commissioning of 220 KV Butibori-III substation for evacuation of power from their 300 MW power plant into MSETCL grid.
- B. You shall complete all the documentary formalities viz. Site Responsibility schedule, Completion report, Connection agreement and BPTA on which basis the grid connectivity has been issued/ granted to you.
- C. As per Electricity Act, 2003 & Electricity Rules, 2005, M/s VIPL ought to have fulfill the criteria for a group Captive power plant before synchronization of your power plant wherein you have to consume more than 51% of aggregate electricity generated by you. The EPAs executed with all the of Parties/consumers shall be endorsed to CE(Trans. Project). Failing to do so, your power plant can not be considered as a Group Captive Power Plant but treated as an IPP.
- D. The developer will construct a transmission line from 220 KV Butibori-III s/s to their premises as per relevant provisions of Electricity Act, 2003 ,Electricity Rules, 2005 and CERC, CEA and MERC Regulations/ Orders if any.
- E. The developer will have to provide duly fenced metering bay with separate and independent approach roads for MSETCL portion of the switchyard. Demarcation of MSETCL portion of the switchyard and developer portion of switchyard at developer's premises shall be distinctly made through fencing.
- F. The protection scheme, substation layout, synchronization scheme with composite layout shall be finalized by the developer in consultation with MSETCL. The developer has to provide the provision of main meter at their premises and check meter at Butibori-III with separate metering CTs for the same.
- G. The developer has to use AL 59 (593 SQ. MM, 61/3.50 MM) conductor for 220 KV transmission line (D/C line on D/C towers) from the proposed power plant up to point of injection at MSETCL proposed 220 KV Butibori-III substation.
- H. The 220 KV (D/C line on D/C towers) transmission line will be operated and maintained by developer itself at his cost.
- I. The works of proposed transmission line involves 0.45 KM of Zudpi forest area crossing. The permission from concerned Forest Deptt. is required to lay the line which is to be taken/carried out by developer at their cost.
- J. The developer shall have to provide a single core CT with single ratio, Burden 15 VA & Accuracy class 0.2-S and single core PT with single ratio of 220 KV/ 3 / 110 V/ 3 , Burden 50 VA, Accuracy class 0.2 for metering purpose.

- K. The developer shall have to provide additional check meter point in addition to the main metering with separate CTs and PTs, with same specifications as mentioned in above point. Thus there will be two identical metering sets.
- L. The developer shall have to procure, install, and commission the ABT metering/ energy metering at his cost for provision of link with regional Load Dispatch Centre. The meter should be 4 quadrant, import/export, ABT Meter 0.2 S class with TOD facility.
- M. The work is to be executed by developer which will be as per specification & standards of and under supervision of MSETCL. The equipment drawing and test reports may be got approved from MSETCL before procurement and the material will be inspected by MSETCL's representative before dispatch. The developer shall arrange at his cost the inspection of proto assembly, witnessing type tests and pre-dispatch inspection of material by MSETCL. Works under developer switchyard shall be done by the developer at his risks and costs.
- N.
 - a) The line survey, profile, tower spotting, schedule shall be done by developer and got approved from Trans Project section.
 - b) Statutory PTCC route approval from the Divisional Engineer Telegraph (PTCC), Mumbai and charging permission from the concerned Telecom and Railway authorities will be obtained by the developer at his own cost.
 - c) If the D.E.T. (PTCC), Mumbai recommends any protection measures on Telecom and Railway ckts. in the PTCC route Approval the whole cost of said work will be borne by the developer.
 - d) Statutory Forest NOC / Clearance certificate from the Govt. of India will be obtained by the consumer.
 - e) In this process any estimate submitted by the Forest Deptt. for the cost of land, deforestation charges, compensatory afforestation charges, maintenance charges etc. will be borne by the consumer.
 - f) The developer has to initiate & obtain all statutory clearance/ approval from various authorities including Chief Engineer (Electrical), GoM before taking up the erection works of transmission lines and substation switchyard at their cost.
- O. All payments towards way leave problems, obstruction by local persons are to be sorted out by developer for the scope of work to be executed by developer. Any compensation for injuries including death shall be borne by developer as per the relevant act.
- P. Actual execution of work will be taken up by the developer and supervision of that work will be done by MSETCL after receipt of payment from the developer to MSETCL.
- Q. The works are to be executed by developer except 2 line bays at Butibori-III s/s under supervision of S.E. EHV Construction circle, Nagpur.

PHONE (O) 26598588 / 95
(P) 26598589
FAX 022- 26598587
E-Mail ce@mahatransco.in



Office of the Chief Engineer
Transmission Project Deptt.
'Prakashganga', MSETCL
Plot no. C-19, E-Block,
Bandra Kurla complex, Bandra (E),
Mumbai- 400051

Ref. No.: MSETCL/CO/Tr. Proj/S & C I/ 378/ 7768

Date: 23.05.2011

Provisional Demand Note

To,
The Managing Director,
Vidarbha Industries Power Limited,
Dhirubhai Ambani Knowledge City,
Thane Belapur Road, Koparkhairane,
Navi Mumbai 400710 ; Fax: 022-30386999/ 6799

Sub:- Evacuation of power from 300 MW (phase-II) Coal based Power Plant to be set up by
M/s Vidarbha Industries Power Ltd, at MIDC Industrial Area, Butibori, Nagpur.

---- Provisional Demand Note thereof.

- Ref.: 1) L. No. MSETCL/CO/STU/302 B /19391 dt 16.12.2010 from C.E. (STU)
2) L. No. SE/EHV/CC /NGP/ T/1008 dt 29.04.2011 from SE, EHV Const. Circle, Nagpur
3) Y.O.L VIPL/MUM/MSETCL/May 11/21 dt. 11.05.2011

Dear Sir,

With ref. to the subject cited above, this is to request you to effect the payments for supervision charges for evacuation of power from 300 MW Coal based Power Plant under phase-II to be set up by M/s Vidarbha Industries Power Ltd, at MIDC Industrial Area, Butibori, Nagpur. The C.E.(STU), vide letter under ref. 1 above, has granted grid connectivity for evacuation of power from the proposed power project by constructing 220 KV D/C line with AL 59 (593 SQ. MM, 61/3.50 MM) conductor from your proposed power plant up to point of injection at MSETCL's 220 KV Butibori-I MIDC substation. Further, as per the feasibility report from field office, the evacuation arrangement for the proposed power plant is technically feasible as follows:

- i) There is no vacant bay available at 220 KV Butibori-I MIDC S/S. Hence, 2 nos. of 220 KV GIS Bays are recommended.
- ii) Since there is insufficient space for locating towers in the premises of 220 KV Butibori-I MIDC S/S, 220 KV cable from gantry to GIS bays is proposed (Approx. 0.2 KM) .

The works of evacuation arrangement for evacuation of power from proposed power plant is to be executed by you as per standards & specifications of and under MSETCL supervision. The scheme for the same will be processed for approval of Competent Authority of MSETCL soon.

I The scope of work covers the following:


A. Since the transmission line is dedicated one, the work of line will be executed by M/s VIPL without MSETCL Supervision.

1. 220 KV radial feeder (by laying double circuit line on double circuit towers) from 220 kV Butibori-I MIDC s/s to M/s VIPL premises -2 KM

- B. The works to be executed by M/s Vidarbha Industries Power Ltd, under MSETCL supervision :**
- 1) Underground cable from gantry to GIS bays at 220 KV Butibori-I MIDC S/S-0.2 Km (route length)
 2. 220 KV GIS bay at 220 KV Butibori-I MIDC S/S -2 Bus (2 nos.)
 3. 220 kV Interconnector Isolator between GIS and Bus of 220 KV Butibori-I MIDC S/S-- 2 Nos
 4. Optical Fibre cable between 220 kV Butibori-I MIDC S/S to M/s VIPL premises with data transfer (inlieu of PLCC) & Pilot wire protection - 2.2 km (Rs. 5 Lakhs/km)
 5. Metering CT,PT, Isolator at M/s Vidarbha Industries Power Ltd.(VIPL) premises
 6. Bus bar protection at M/s Vidarbha Industries Power Ltd.(VIPL) premises
 7. SCADA for remote monitoring of switchyard of M/s VIPL premises to be installed at Butibori-I MIDC s/s covering both phase I and phase II.
 8. ABT Metering /Energy metering with provision of link to RLDC/SLDC to be installed at Butibori-I MIDC S/S & M/s Vidarbha Industries Power Ltd.(VIPL) premises.
 9. Control & Relay panels for feeder bays in Butibori-I MIDC S/S -2 Sets
 - 10.Extension of existing Numerical Busbar protection in Butibori-I MIDC S/S to cover New GIS bays
 11. Extension of AC/DC Supply to GIS bays in Butibori-I MIDC S/S
 12. Metering Room (AC)
- II M/s Vidarbha Industries Power Ltd.(VIPL) has to pay an amount of Rs.191.00 lakhs as supervision charges and the work of supervision will start only after receipt of payment to MSETCL. It is to be noted that validity period of this demand letter for effecting payment is six months only.
- III This is only the provisional estimate since the scheme is yet to be approved by Competent Authority of MSETCL. As such the above mentioned cost is subject to revision for various reasons and shall be binding on you. Consequently, you have to pay the balance/difference in amount, if any.
- IV. You have to obtain the approval for single line diagram & switchyard layout and composite layout drawing approval with synchronization scheme from S.E. (Design & Engg.), Prakashganga, MSETCL, Mumbai. **The detailed terms and conditions are enclosed herewith as Annexure I.**
- V **You are requested to pay the above total amount of Rs. 191.00 lakhs (Rs. One Hundred and Ninety One Lakhs only) immediately in the office of the Sr. Manager (FMS), 4th floor, Hongkong Bank Building, MSETCL, Mumbai 400023. The payment is to be made by cheque / DD payable to the Maharashtra State Electricity Transmission Company Limited, Mumbai payable at Mumbai. The outstation cheque will not be accepted. The supervision works start only after receipt of above amount to MSETCL.**

Thanking you,

Yours faithfully,


Chief Engineer (Trans. Project)

24-MAY-2011 12:31 From:

To:30386799

P.3

Copy s.w.rs to

1. The Executive Director (Project) MSETCL, Prakashganga, Mumbai
2. The Chief General Manager (F & A), MSETCL, Prakashganga, Mumbai

Copy f.w.cs to

1. The Chief Engineer (STU), MSETCL, Mumbai
2. The Chief Engineer Construction cum O & M zone, MSETCL, Nagpur

Copy to

1. The S.E. D & E- S/S)/ SE.D&E- Lines , Trans Project, MSETCL, Prakashganga, Mumbai.
2. The S.E. EHV Const / TCC/ Trans (O&M) Circle, MSETCL, Nagpur
3. The Sr. Manager (FMS), MSETCL, HSBC building, Fort Mumbai

----- It is requested to raise credit IBA in favor of S.E. EHV CC, Nagpur under intimation to this office after receipt of payment.

ANNEXURE ITerms & Conditions

The Evacuation arrangement will be executed on following terms and conditions.

- A. You shall complete all the documentary formalities viz. Site Responsibility schedule, Completion report, Connection agreement, BPTA and on which basis the grid connectivity has been issued/ granted to you.
- B. The developer will construct a transmission line from 220 KV Butibori-I MIDC s/s to their premises as per relevant provisions of Electricity Act, 2003, Electricity Rules, 2005 and CERC, CEA and MERC Regulations/ Orders if any.
- C. The developer will have to provide duly fenced metering bay with separate and independent approach roads for MSETCL portion of the switchyard. Demarcation of MSETCL portion of the switchyard and developer portion of switchyard at developer's premises shall be distinctly made through fencing.
- D. The protection scheme, substation layout, synchronization scheme with composite layout shall be finalized by the developer in consultation with MSETCL. The developer has to provide the provision of main meter at their premises and check meter at Butibori-I MIDC with provision of separate metering core in CTs inside GIS.
- E. The developer has to use AL 59 (593 SQ. MM, 61/3.50 MM) conductor for 220 KV transmission line (D/C line on D/C towers) from the proposed power plant up to point of injection at MSETCL proposed 220 KV Butibori-I MIDC substation.
- F. Since the 220 KV (D/C line on D/C towers) transmission line is dedicated one, the same will be operated and maintained by developer itself at his cost.
- G. The transmission Line route is passing through MIDC area and approval for corridor in MIDC area shall be obtained by M/s VIPL at their own cost. Further, as the transmission line involves 220 KV Khaparkheda-Wardha II D/C line crossing, the permission from concerned authorities will be taken by the developer at their cost.
- H. The developer shall have to provide a single core CT with single ratio, Burden 10 VA & Accuracy class 0.2 S and single core PT with single ratio of 220 KV/ 3 / 110 V/ 3, Burden 100 VA, Accuracy class 0.2 for metering purpose.
- I. The developer shall have to provide additional check meter point in addition to the main metering with separate CTs and PTs, at Butibori-I MIDC substation with same specifications as mentioned in above point.
- J. As requested by the developer, SCADA is to be installed at Butibori-I MIDC s/s instead of Butibori-III MIDC S/S covering both phase I and phase II.

Appendix-4

CHATURVEDI & SHAH

Chartered Accountants

Certificate

The accompanying Statement of Capital expenditure (i.e. on accrual basis) incurred for Transmission System which includes 220 KV Double Circuit Line from Butibori Power Station Switchyard to MSETCL Sub Station III (referred to as "Scheme 1") and 220 KV Double Circuit Line from Butibori Power Station Switchyard to MSETCL Sub Station I (referred to as "Scheme 2") of Vidarbha Industries Power Limited (the Company), as on December 31, 2013 (referred to as "Statement") has been prepared by the management of the company, having its registered office at H – Block, 1st Floor, Dhirubhai Ambani Knowledge City, Koperkhairane, Navi Mumbai – 400710. We one of the joint statutory auditors have initialed the attached Statement for identification purposes only.

Management's Responsibility

It is the responsibility of the Management (including directors) to prepare the accompanying statement from the unaudited books of accounts and documents / records. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the statement and also making correct accounting and making estimates that are reasonable in the circumstances.

Our Responsibility

It is our responsibility to certify that the amounts included in the statement are in agreement with the books and records of the Company as on December 31, 2013.

Conclusion

Based on our examination, on test check basis, as set out above and the information and explanations given to us, the particulars set out in the Statement are in agreement with the books and other records of the Company as on December 31, 2013

Restrictions on Use

Our work was performed solely to assist you in meeting your responsibilities in relation to your submitting the said certificate to Maharashtra Electricity Regulatory Commission. This certificate has been issued solely at the request of the management of the Company. Our certificate shall not to be used for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

Vijay Napawaliya
Partner
Membership Number: 109859

Place: Mumbai
Date: February 20, 2014



Head Office: 714-715, Tulsiani Chambers, 212, Nariman Point, Mumbai - 400 021, India. Tel.: +91 22 3021 8500 • Fax: +91 22 3021 8595
URL: www.cas.ind.in

Branches: Ahmedabad | Bengaluru | Delhi | Jamnagar

Vidarbha Industries Power Limited

Statement of Capital expenditure incurred for Transmission System as on December 31, 2013.

The breakup of capital expenditure incurred on, 220 KV Double Circuit Line from Butibori Power Station Switchyard to MSETCL Sub Station III (Scheme 1) and 220 KV Double Circuit Line from Butibori Power Station Switchyard to MSETCL Sub Station I (Scheme 2) is as under.

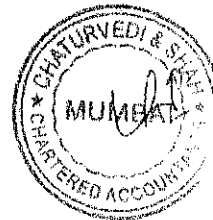
Particular	Scheme 1	Scheme 2
Cost of Land	-	1.30
MSETCL Supervision Charges	3.84	1.91
EPC Cost	1.69	15.00
Interest during construction ¹	0.28	2.30
Pre-operative Cost ²	0.66	0.80
Total	6.47	21.31

Note: Values are in Rs. Crores.

1. Calculated in proportion to cost incurred for Transmission system to total Engineering, Procurement and Construction cost (Other than BTG Cost), Other Fixed Assets, Pre-operative Expenditure (Net of Income) excluding Foreign Exchange Differences; up to the date of charging of line under Scheme 1 and Scheme 2.
2. Calculated in proportion to cost incurred for Transmission system to total Engineering, Procurement and Construction cost, other Fixed Assets, up to the date of charging of line under Scheme 1 and Scheme 2.
3. The bifurcation of capital expenditure incurred for Transmission System in to 220 KV Double Circuit Line from Butibori Power Station Switchyard to MSETCL Sub Station III (Scheme 1) and 220 KV Double Circuit Line from Butibori Power Station Switchyard to MSETCL Sub Station I (Scheme 2) have been identified based on internal technical evaluation by the management team of Vidarbha Industries Power Limited and auditor has placed their reliance on the same.

For and on behalf of Vidarbha Industries Power Limited

N Venugopala Rao
Director



Appendix-5