

Auditors' Report on the Consolidated Financial Statements of GMR Infrastructure Limited

To
The Members of GMR Infrastructure Limited

1. We have audited the attached consolidated balance sheet of GMR Infrastructure Limited (the "Company") and its subsidiaries, its jointly controlled entities and associate companies [collectively hereinafter referred to as 'the Group' and individually as 'components' (refer Note 2 on Schedule 19 to the attached consolidated financial statements)] as at March 31, 2011, the related consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto ('consolidated financial statements'), which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management and have been approved by the board of directors of the Company. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - a. The financial statements and other financial information of 2 subsidiaries, whose financial statements reflect total assets of Rs. 15,438.24 Crore as at March 31, 2011, total revenue (including other income) of Rs. 1,201.62 Crore, total loss of Rs. 346.22 Crore and net cash inflows amounting to Rs. 144.63 Crore for the year then ended (before adjustments on consolidation) have been audited jointly along with other auditors.
 - b. We did not audit the financial statements and other financial information of (i) 106 subsidiaries (including 10 subsidiaries consolidated for the period July 12, 2010 to December 31, 2010) whose financial statements reflect total assets of Rs. 23,309 Crore as at March 31, 2011, total revenue (including other income) of Rs. 2,761.04 Crore, total profits of Rs. 192.36 Crore and net cash inflows amounting to Rs. 1,411.39 Crore for the year then ended (before adjustments on consolidation); and (ii) 13 jointly controlled entities (including 2 jointly controlled entities consolidated for the period July 12, 2010 to December 31, 2010) whose financial statements include the Group's share of total assets of Rs. 1,701.59 Crore as at March 31, 2011, total revenue (including other income) of Rs. 827.97 Crore, total loss of Rs. 62.84 Crore and net cash outflows amounting to Rs. 20.74 Crore for the year then ended (before adjustments on consolidation). These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us, and our opinion on the consolidated financial statements, is based solely on the report of such other auditors.
- c. We did not audit the financial statements and other financial information of (i) 3 subsidiaries whose financial statements reflect total assets of Rs. 5.25 Crore as at March 31, 2011, total revenue (including other income) of Rs. Nil, total loss of Rs. 3.23 Crore and net cash inflows amounting to Rs. 1.96 Crore for the year then ended (before adjustments on consolidation); and (ii) 4 jointly controlled entities whose financial statements include the Group's share of total assets of Rs. 69.07 Crore as at March 31, 2011, total revenue (including other income) of Rs. 56.65 Crore, total profits of Rs. 14.62 Crore and net cash inflows amounting to Rs. 16.74 Crore for the year then ended (before adjustments on consolidation). These financial statements and other financial information have been incorporated in the consolidated financial statements of the Group based on un-audited financial statements as provided by the management of the Company as audited financial statements of such component entities as at and for the year/period ended March 31, 2011 are not available.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, AS 23 - Accounting for Investments in Associates in Consolidated Financial Statements, and AS 27 - Financial Reporting of Interests in Joint Ventures, notified under sub-section (3C) of Section 211 of the Companies Act, 1956 of India.
5. Without qualifying our opinion, we draw attention to Note 19 (4)(ix)(f) to the consolidated financial statements for the year ended March 31, 2011 in connection with carrying value of net assets (after providing for losses till date of Rs. 81.80 Crore) as regards investment in GMR Ambala Chandigarh Expressways Private Limited (GACEPL). Though GACEPL has been incurring losses since the commencement of commercial operations, based on management's internal assessment and legal opinion obtained by the management of GACEPL, the management is of the view that the carrying value of the net assets (after providing for losses till date) as regards investment in GACEPL is appropriate.

6. Based on our audit, consideration of reports of other auditors and certification by management on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a. in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;
 - b. in the case of the consolidated profit and loss account, of the loss of the Group for the year ended on that date; and

- c. in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For S.R. Batliboi & Associates
Firm registration number: 101049W
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.:35141

Place: Bengaluru
Date: May 30, 2011