

# Auditors' Report to the Board of Directors of GMR Infrastructure Limited

Dear Sirs,

1. We have audited the attached Consolidated Balance Sheet of GMR Infrastructure Limited ('the Company') and its subsidiaries and associate (collectively referred to as 'the Group') as at March 31, 2007, the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date, annexed there to, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and 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. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 1,173.45 Crore as at March 31, 2007 and total revenues of Rs. 173.12 Crore for the year ended on that date, and net cash inflows of Rs. 20.96 Crore for the year ended on that date and an associate whose financial statements reflect the Group's share of profits of Rs. 0.002 Crore for the year ended March 31, 2007, considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of such subsidiaries and associate, is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' and Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries and an associate included in the Consolidated Financial Statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiaries and associate, in our opinion, the 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 consolidated state of affairs of the Group as at March 31, 2007;
  - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

**Sd/-**  
**P. Rama Krishna**  
**Partner**  
Membership Number 22795  
For and on behalf of  
**Price Waterhouse**  
**Chartered Accountants**

Place: Bangalore  
Date: June 30, 2007