

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

To

The Board of Directors of GMR Infrastructure Limited

1. We have audited the attached consolidated balance sheet of GMR Infrastructure Limited (the "Company") and its subsidiaries and its jointly controlled entities [collectively hereinafter referred to as 'the Group' and individually as 'components' (refer note 2 to the accompanying consolidated financial statements of the Group)] as at March 31, 2012, the related consolidated statement of profit and loss 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, have been prepared by the Management on the basis of separate financial statements and other financial information regarding components 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. 15,213.93 crore as at March 31, 2012, total revenue (including other income) of Rs. 2,155.67 crore, total loss of Rs. 1,068.67 crore and net cash inflow amounting to Rs. 6.93 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) 111 subsidiaries (including 10 subsidiaries consolidated for the period January 1, 2011 to December 31, 2011) whose financial statements reflect total assets of Rs. 38,355.67 crore as at March 31, 2012, total revenue (including other income) of Rs. 3,856.75 crore, total profit of Rs. 71.70 crore and net cash inflow amounting to Rs. 701.08 crore for the year then ended (before adjustments on consolidation); and (ii) 25 jointly controlled entities (including 2 jointly controlled entities consolidated for the period January 1, 2011 to December 31, 2011 and 12 jointly controlled entities consolidated for the period November 17, 2011 to December 31, 2011) whose financial statements include the Group's share of total assets of Rs. 2,363.08 crore as at March 31, 2012, total revenue (including other income) of Rs. 1,105.50 crore, total loss of Rs. 95.25 crore and net cash inflow amounting to Rs. 13.23 crore for the year / period 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) 4 subsidiaries whose financial statements reflect total assets of Rs. 58.56 crore as at March 31, 2012, total revenue (including other income) of Rs. 53.28 crore, total profit of Rs. 34.71 crore and net cash inflows amounting to Rs. 15.40 crore for the year then ended (before adjustments on consolidation); and (ii) 5 jointly controlled entities whose financial statements include the Group's share of total assets of Rs. 233.02 crore as at March 31, 2012, total revenue (including other income) of Rs. 140.38 crore, total profits of Rs. 9.73 crore and net cash inflow amounting to Rs. 18.52 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 ended March 31, 2012 are not available.
4. Without qualifying our opinion, we draw attention to note 34(viii)(k) to the consolidated financial statements for the year ended March 31, 2012 in connection with carrying value of net assets of Rs. 227.79 crore (after

providing for losses till date of Rs. 80.07 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 of the Group 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.

5. Without qualifying our opinion, we draw attention to note 34(viii)(b) to the consolidated financial statements for the year ended March 31, 2012. Delhi International Airport Private Limited ('DIAL') is in the process of reconciling the balances with vendors in relation to the cost of Terminal 3 of Indira Gandhi International Airport, capitalised during the previous year. Pending such reconciliation, DIAL has done such capitalisation on the basis of its best estimate.
6. Without qualifying our opinion, we draw attention to note 34(iv)(e) to the consolidated financial statements for the year ended March 31, 2012. In view of the uncertainty over collection, DIAL and GMR Hyderabad International Airport Limited have decided to recognise revenue from Air India effective October 1, 2011 only when such uncertainty over ultimate collection is removed. Further, the Management of the Group has represented that they have taken steps to recover the amounts and are of the opinion that the receivables amounting to Rs. 187.48 crore as at March 31, 2012 from Air India are fully recoverable. Accordingly, no adjustments have been made to the accompanying consolidated financial statements.
7. Without qualifying our opinion, we draw attention to note 34(iv)(f) to the consolidated financial statements regarding outstanding dues from Kingfisher Airlines Limited aggregating to Rs. 24.09 crore. There appears to be uncertainty relating to the ability of the party to pay these outstanding dues for the reasons referred in the aforementioned note. The Management of the Group has represented that they have taken steps to recover the amounts and are of the opinion that the receivables are fully recoverable. Accordingly, no adjustments have been made to the accompanying consolidated financial statements.

8. Without qualifying our opinion, we draw attention to note 34(iv)(a) to the consolidated financial statements which indicate that the entire matter relating to claims / counter claim arising out of the Power Purchase Agreement and Land Lease Agreement, filed by GMR Power Corporation Limited and Tamil Nadu Electricity Board, is sub-judice before the Hon'ble Supreme Court of India and has not attained the finality.
9. 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, 2012;
  - (b) in the case of the consolidated statement of profit and loss, 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 29, 2012