

# Standalone Financial Statements

## Auditors' Report to the Members of GMR Infrastructure Limited

1. We, S.R. Batliboi & Associates and Price Waterhouse, have audited the attached Balance Sheet of GMR Infrastructure Limited ('the Company') as at March 31, 2010 and also the related Profit and Loss Account and the 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 said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - i. 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;
  - ii. 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;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. 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;
  - v. On the basis of written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - vi. 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 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, 2010;
    - b) in the case of the Profit and Loss Account, of the profit 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.

For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

per Navin Agrawal  
Partner  
Membership No.:56102

Place: Bengaluru  
Date: May 24, 2010

For Price Waterhouse  
Firm registration number: 007568S  
Chartered Accountants

J Majumdar  
Partner  
Membership No.:F51912

Place: Bengaluru  
Date: May 24, 2010

## Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of GMR Infrastructure Limited on the financial statements for the year ended March 31, 2010

- (i) (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 are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and 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, there was no substantial disposal of fixed assets by the Company during the year.
- (ii) (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 and no material discrepancies as compared to book records were noticed on physical verification.
- (iii) (a) The Company has granted unsecured loans to three firms covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and the year-end balance of such loans (excluding interest) aggregates to Rs. 12,000,000,000 and Rs. 12,000,000,000 respectively.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of aforesaid loans, repayments of the principal amounts have not fallen due during the current period and payments of interest have been regular.
- (d) In respect of aforesaid loans, there is no overdue amount more than Rs. one lakh.
- (e) As informed, 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. Accordingly, the provisions of clause 4(iii) (f) and 4(iii) (g) of the Order are not applicable to the Company.
- (iv) 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 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 not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered in the register required to be maintained under that section have been so entered.
- (b) In respect of the transactions made in pursuance of such contracts or arrangements and exceeding value of Rupees Five Lakhs in respect of any party during the year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the products of the Company.
- (ix) (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 appropriate authorities.
- Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Act, we are not in a 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, 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.
- (x) The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders as at the Balance Sheet date.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund or a nidhi / mutual benefit fund / society are not applicable to the Company.
- (xiv) 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.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from bank or financial institutions during the year, are not prima-facie prejudicial to the interest of the Company.
- (xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, term loans have been applied for the purpose for which they were obtained.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis which have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 5,000 unsecured debentures of Rs. 1,000,000 each. Accordingly, the Company has unsecured debentures outstanding during the year on which no security or charge is required to be created.
- (xx) 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.
- (xxi) 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 as per 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.

For S.R. BATLIBOI & ASSOCIATES  
Firm registration number: 101049W  
Chartered Accountants

per Navin Agrawal  
Partner  
Membership No.:56102

Place: Bengaluru  
Date: May 24, 2010

For Price Waterhouse  
Firm registration number: 007568S  
Chartered Accountants

J Majumdar  
Partner  
Membership No.:F51912

Place: Bengaluru  
Date: May 24, 2010

## Balance Sheet as at March 31, 2010

(Amount in Rupees)

| Particulars  | Schedule Ref | March 31, 2010 |                       | March 31, 2009 |                       |
|--|--------------|----------------|-----------------------|----------------|-----------------------|
| <b>Sources of Funds</b>  |              |                |                       |                |                       |
| <b>Shareholders' Funds</b>   |              |                |                       |                |                       |
| Share capital  | 1            | 3,667,351,642  |                       | 3,641,313,426  |                       |
| Reserves and surplus   | 2            | 54,732,844,378 | 58,400,196,020        | 53,380,937,910 | 57,022,251,336        |
| <b>Loan Funds</b>  |              |                |                       |                |                       |
| Secured loans  | 3            | 12,750,000,000 |                       | 4,203,010,883  |                       |
| Unsecured loans  | 4            | 13,000,000,000 | 25,750,000,000        | -              | 4,203,010,883         |
| <b>Total</b>   |              |                | <b>84,150,196,020</b> |                | <b>61,225,262,219</b> |
| <b>Application of Funds</b>  |              |                |                       |                |                       |
| <b>Fixed Assets</b>  |              |                |                       |                |                       |
| Gross block  | 5            | 254,877,872    |                       | 16,599,198     |                       |
| Less : Accumulated depreciation  |              | 17,812,640     |                       | 8,467,326      |                       |
| Net block  |              |                | 237,065,232           |                | 8,131,872             |
| Capital work in progress (including capital advances)                  |              |                | 84,779,701            |                | -                     |
| Investments  | 6            |                | 62,524,959,283        |                | 40,618,683,534        |
| Deferred Tax Asset<br>(Refer Note 14 of Schedule 18)                   |              |                | 301,915               |                | 2,156,458             |
| <b>Current Assets, Loans and Advances</b>                              |              |                |                       |                |                       |
| Inventories  | 7            | 126,808,589    |                       | -              |                       |
| Sundry debtors   | 8            | 373,515,770    |                       | -              |                       |
| Cash and bank balances   | 9            | 685,306,545    |                       | 13,319,157,676 |                       |
| Other current assets   | 10           | 28,535,922     |                       | 57,969,224     |                       |
| Loans and advances   | 11           | 20,893,095,603 |                       | 7,402,076,268  |                       |
|  |              | 22,107,262,429 |                       | 20,779,203,168 |                       |
| <b>Less : Current Liabilities and Provisions</b>                       | 12           |                |                       |                |                       |
| Liabilities  |              | 701,582,884    |                       | 174,475,912    |                       |
| Provisions   |              | 102,589,656    |                       | 8,436,901      |                       |
|  |              | 804,172,540    |                       | 182,912,813    |                       |
| <b>Net Current Assets</b>  |              |                | 21,303,089,889        |                | 20,596,290,355        |
| <b>Total</b>   |              |                | <b>84,150,196,020</b> |                | <b>61,225,262,219</b> |
| Statement on Significant Accounting Policies and Notes to the Accounts | 18           |                |                       |                |                       |

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date.

For PRICE WATERHOUSE

Firm Registration Number: 007568S

Chartered Accountants

J Majumdar

Partner

Membership Number: F51912

For S.R. BATLIBOI & ASSOCIATES

Firm Registration Number: 101049W

Chartered Accountants

per Navin Agrawal

Partner

Membership Number: 56102

Place: Bengaluru

Date: May 24, 2010

For and on behalf of the Board of Directors

G.M. Rao

Executive Chairman

Srinivas Bommidala

Managing Director

Subba Rao Amarthaluru

Group CFO

C.P. Sounderarajan

Company Secretary

Place: New Delhi

Date: May 24, 2010

## Profit and Loss Account for the year ended March 31, 2010

(Amount in Rupees)

| Particulars  | Schedule Ref | March 31, 2010       | March 31, 2009       |
|--|--------------|----------------------|----------------------|
| <b>Income</b>  |              |                      |                      |
| Operating income   | 13           | 1,693,583,186        | 1,592,003,544        |
| Other income   | 14           | 94,205,535           | 58,182,517           |
|  |              | <b>1,787,788,721</b> | <b>1,650,186,061</b> |
| <b>Expenditure</b>   |              |                      |                      |
| Operating expenses   | 15           | 423,407,410          | -                    |
| Administration and other expenditure                                   | 16           | 527,492,627          | 371,286,309          |
| Finance charges  | 17           | 691,148,979          | 237,924,361          |
| Depreciation   | 5            | 9,362,939            | 1,085,519            |
|  |              | <b>1,651,411,955</b> | <b>610,296,189</b>   |
| <b>Profit Before Taxation</b>  |              | <b>136,376,766</b>   | <b>1,039,889,872</b> |
| Provision for Taxation   |              |                      |                      |
| - Current tax  |              | 44,060,630           | 57,500,000           |
| Less: MAT credit entitlement   |              | (44,060,630)         | -                    |
| - Deferred tax   |              | 1,854,543            | (2,431,175)          |
| - Fringe benefit tax   |              | -                    | 8,087,723            |
| <b>Profit After Taxation</b>   |              | <b>134,522,223</b>   | <b>976,733,324</b>   |
| Balance brought forward from previous year                             |              | 2,510,401,792        | 1,496,168,468        |
| <b>Profit Available For Appropriation</b>                              |              | <b>2,644,924,015</b> | <b>2,472,901,792</b> |
| Transfer to debenture redemption reserve                               |              | (32,652,013)         | -                    |
| Transfer from debenture redemption reserve                             |              | 162,500,000          | 37,500,000           |
| <b>Available Surplus Carried To Balance Sheet</b>                      |              | <b>2,774,772,002</b> | <b>2,510,401,792</b> |
| Earnings per Share (Rs.) - Basic and Diluted                           |              | 0.04                 | 0.27                 |
| [Per equity share of Re.1 each ] (Refer Note 13 of Schedule 18)        |              |                      |                      |
| Statement on Significant Accounting Policies and Notes to the Accounts | 18           |                      |                      |

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date.

For PRICE WATERHOUSE

Firm Registration Number: 007568S  
Chartered Accountants

J Majumdar  
Partner  
Membership Number: F51912

G.M. Rao  
Executive Chairman

For and on behalf of the Board of Directors

Srinivas Bommidala  
Managing Director

For S.R. BATLIBOI & ASSOCIATES

Firm Registration Number: 101049W  
Chartered Accountants

per Navin Agrawal  
Partner  
Membership Number: 56102

Subba Rao Amarthaluru  
Group CFO

C.P. Sounderarajan  
Company Secretary

Place: Bengaluru  
Date: May 24, 2010

Place: New Delhi  
Date: May 24, 2010

## Schedules forming part of Balance Sheet as at March 31, 2010

(Amount in Rupees)

| Schedule 1   SHARE CAPITAL   | March 31, 2010       | March 31, 2009       |
|--|----------------------|----------------------|
| <b>Authorised</b>  |                      |                      |
| 7,500,000,000 (2009: 3,750,000,000 equity shares of Rs. 2 each) equity shares of Re. 1 each  | 7,500,000,000        | 7,500,000,000        |
|  | <b>7,500,000,000</b> | <b>7,500,000,000</b> |
| <b>Issued, Subscribed and Paid up</b>  |                      |                      |
| 3,667,354,392 (2009: 1,820,658,088 equity shares of Rs. 2 each) equity shares of Re. 1 each fully paid   | 3,667,354,392        | 3,641,316,176        |
| Notes:   |                      |                      |
| Of the above,  |                      |                      |
| (i) 1,057,747,230 (2009: 528,873,615 equity shares of Rs. 2 each) equity shares of Re. 1 each fully paid-up were allotted during the year ended March 31, 2006, by way of bonus shares by capitalising free reserves of the Company. |                      |                      |
| (ii) 2,725,850,824 (2009: 1,362,523,238 equity shares of Rs.2 each) equity shares of Re. 1 each fully paid-up are held by the Holding Company GMR Holdings Private Limited.  |                      |                      |
|  | <b>3,667,354,392</b> | <b>3,641,316,176</b> |
| Less: Calls unpaid - others  | 2,750                | 2,750                |
| <b>Total</b>   | <b>3,667,351,642</b> | <b>3,641,313,426</b> |
| Notes:   |                      |                      |
| (1): Refer Note 13(iii) of Schedule 18 on sub division of one equity share of the Company carrying face value of Rs.2 each into 2 equity shares of Re.1 each during the year ended March 31, 2010                                    |                      |                      |
| (2): Refer Note 6 of Schedule 18 for details of additional issue of shares during the year to Infrastructure Development Finance Corporation Limited Infrastructure Fund for consideration other than cash.                          |                      |                      |

(Amount in Rupees)

| Schedule 2   RESERVES AND SURPLUS                                 | March 31, 2010             | March 31, 2009        |
|---|----------------------------|-----------------------|
| <b>Securities Premium Account</b>                                 |                            |                       |
| At the commencement of the year                                   | 50,708,036,118             | 50,708,200,535        |
| Add: Received on issue of shares (Refer Note 6 of Schedule 18)    | 1,471,159,204              | -                     |
| Less: Utilised towards Debenture/Share issue expenses             | 196,240,713                | 287,782               |
| Less: Utilised towards provision for debenture redemption premium | 57,534,246                 | -                     |
| Add: Received against calls unpaid                                | -                          | 123,365               |
|   | <b>(i) 51,925,420,363</b>  | <b>50,708,036,118</b> |
| <b>Debenture Redemption Reserve</b>                               |                            |                       |
| At the commencement of the year                                   | 162,500,000                | 200,000,000           |
| Less: Transfer to Profit and Loss Account on redemption           | 162,500,000                | 37,500,000            |
| Add: Transferred from Profit and Loss Account                     | 32,652,013                 | -                     |
|   | <b>(ii) 32,652,013</b>     | <b>162,500,000</b>    |
| Profit and Loss Account   | <b>(iii) 2,774,772,002</b> | <b>2,510,401,792</b>  |
| <b>Total (i)+(ii)+(iii)</b>                                       | <b>54,732,844,378</b>      | <b>53,380,937,910</b> |

## Schedules forming part of Balance Sheet as at March 31, 2010

(Amount in Rupees)

| Schedule 3   SECURED LOANS   | March 31, 2010        | March 31, 2009       |
|--|-----------------------|----------------------|
| <b>Debentures</b>  |                       |                      |
| Nil (2009: 650) Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each  | -                     | 650,000,000          |
| (These debentures bear interest at the rate of 11.93% per annum (10.40% upto September 30, 2008) and were repayable in 3 equal annual installments of Rs 15 crores each, starting from September 2009 and later 3 equal annual installment of Rs 6.66 crores each. All debentures were redeemed during the year. These debentures were secured by immovable property of the Company and further secured by margin money deposit) |                       |                      |
| <b>Bank Overdraft</b>  | -                     | 803,010,883          |
| (Secured by pledge of Nil (2009: 5,000,000) fully paid-up equity shares of Rs.10 each of GMR Industries Limited, held by GMR Holdings Private Limited and by way of guarantee issued by GMR Holdings Private Limited)  |                       |                      |
| <b>Term Loan</b>   |                       |                      |
| <b>Rupee Loan</b>  |                       |                      |
| From a Financial Institution - Life Insurance Corporation of India   | 12,750,000,000        | 2,750,000,000        |
| a) Secured by pledge of 160,546,832 (2009: 80,273,416 equity shares of Rs. 2 each) fully paid-up equity shares of Re. 1 each of GMR Infrastructure Limited, held by GMR Holdings Private Limited and by way of guarantee issued by GMR Holdings Private Limited.   |                       |                      |
| b) Rs.10,000,000,000 (2009: Nil) further secured by exclusive charge on Barge mounted power plant of a Subsidiary Company  |                       |                      |
| <b>Total</b>   | <b>12,750,000,000</b> | <b>4,203,010,883</b> |

(Amount in Rupees)

| Schedule 4   UNSECURED LOANS  | March 31, 2010        | March 31, 2009 |
|---|-----------------------|----------------|
| <b>Short Term</b>   |                       |                |
| From banks  | 8,000,000,000         | -              |
| <b>Other than Short Term</b>  |                       |                |
| <b>Debentures</b>   |                       |                |
| 5,000 (2009: Nil) 0% Unsecured, Redeemable, Non-Convertible Debentures of Rs. 1,000,000 each                        | 5,000,000,000         | -              |
| (These debentures are redeemable at a premium yielding 14% p.a. in 5 annual installments starting from April 2011 ) |                       |                |
| <b>Total</b>  | <b>13,000,000,000</b> | <b>-</b>       |

Schedules forming part of Balance Sheet as at March 31, 2010  
**Schedule 5 - Fixed Assets**

(Amount in Rupees)

| Description                | GROSS BLOCK         |                    |                | DEPRECIATION         |                     |                  | NET BLOCK     |                      |                      |
|----------------------------|---------------------|--------------------|----------------|----------------------|---------------------|------------------|---------------|----------------------|----------------------|
|                            | As at April 1, 2009 | Additions          | Deletions      | As at March 31, 2010 | As at April 1, 2009 | For the year     | Deletions     | As at March 31, 2010 | As at March 31, 2009 |
| Freehold land              | 835,700             | -                  | -              | 835,700              | -                   | -                | -             | 835,700              | 835,700              |
| Office equipment           | 3,947,893           | 22,568,483         | -              | 26,516,376           | 1,374,467           | 1,169,458        | -             | 23,972,451           | 2,573,426            |
| Computer equipments        | 4,882,208           | 57,165,034         | 185,530        | 61,861,712           | 4,361,671           | 5,730,000        | 17,625        | 51,787,666           | 520,537              |
| Plant and machinery        | -                   | 136,251,843        | -              | 136,251,843          | -                   | 1,127,493        | -             | 135,124,350          | -                    |
| Furniture and fixtures     | 3,503,367           | 4,204,408          | -              | 7,707,775            | 1,887,126           | 349,715          | -             | 5,470,934            | 1,616,241            |
| Vehicles                   | 3,430,030           | 18,274,436         | -              | 21,704,466           | 844,062             | 986,273          | -             | 19,874,131           | 2,585,968            |
| <b>Total</b>               | <b>16,599,198</b>   | <b>238,464,204</b> | <b>185,530</b> | <b>254,877,872</b>   | <b>8,467,326</b>    | <b>9,362,939</b> | <b>17,625</b> | <b>237,065,232</b>   | <b>8,131,872</b>     |
| Previous Year              | 17,100,604          | 3,164,530          | 3,665,936      | 16,599,198           | 10,324,611          | 1,085,519        | 2,942,804     | 8,467,326            | -                    |
| Capital work in progress * |                     |                    |                |                      |                     |                  |               | 84,779,701           | -                    |
|                            |                     |                    |                |                      |                     |                  |               | 321,844,933          | 8,131,872            |

\* Includes capital advances Rs.49,580,981 (2009: Nil) unsecured and considered good



## Schedules forming part of Balance Sheet as at March 31, 2010

(Amount in Rupees)

| Schedule 6   INVESTMENTS  | March 31, 2010 | March 31, 2009 |
|---|----------------|----------------|
| I. Long term - At cost  |                |                |
| Other than Trade - Unquoted   |                |                |
| A. In Equity Shares of Subsidiary Companies fully paid  |                |                |
| - Indian Companies  |                |                |
| GMR Energy Limited @<br>[703,178,306 (2009: 586,914,708) equity shares of Rs. 10 each]  | 10,008,414,272 | 3,962,707,176  |
| GMR Hyderabad International Airport Limited @<br>[238,139,998 (2009: 238,139,995) equity shares of Rs. 10 each]   | 2,381,399,980  | 2,381,399,950  |
| GMR Pochanpalli Expressways Limited (formerly GMR Pochanpalli Expressways Private Limited) @<br>[57,132,000 (2009: 124,200,000) equity shares of Rs. 10 each] | 571,320,000    | 1,242,000,000  |
| GMR Jadcherla Expressways Private Limited @<br>[48,779,550 (2009: 106,042,500) equity shares of Rs. 10 each]  | 487,795,500    | 1,060,425,000  |
| GMR Ambala Chandigarh Expressways Private Limited @<br>[23,272,687 (2009: 45,632,720) equity shares of Rs. 10 each]   | 232,726,870    | 456,327,200    |
| Delhi International Airport Private Limited @<br>[420,000,000 (2009: 373,200,000) equity shares of Rs. 10 each]   | 4,741,697,470  | 3,732,000,000  |
| GMR Ulundurpet Expressways Private Limited @<br>[82,282,500 (2009: 178,875,000) equity shares of Rs. 10 each]   | 822,825,000    | 1,788,750,000  |
| GMR (Badrinath) Hydro Power Generation Private Limited<br>[4,900 (2009: 4,900) equity shares of Rs. 10 each]  | 49,000         | 49,000         |
| GMR Airports Holding Private Limited (formerly GVL Investments Private Limited)<br>[340,869,304 (2009: 10,995,784) equity shares Rs. 10 each]                 | 6,798,260,750  | 6,798,262,400  |
| GMR Aviation Private Limited<br>[86,440,000 (2009: 86,440,000) equity shares of Rs. 10 each]  | 864,400,000    | 864,400,000    |
| Gateways for India Airports Private Limited<br>[8,649 (2009: 3,784) equity shares of Rs. 10 each]   | 86,490         | 37,840         |
| GMR Kamalanga Energy Limited<br>[Nil (2009: 100) equity shares of Rs. 10 each]  | -              | 1,000          |
| GMR Krishnagiri SEZ Limited<br>[117,500,000 (2009: 117,500,000) equity shares of Rs. 10 each]   | 1,175,000,000  | 1,175,000,000  |
| GMR SEZ & Port Holdings Private Limited (formerly GMR Oil & Natural Gas Private Limited)<br>[49,999 (2009: 9,999) equity shares of Rs. 10 each]               | 499,990        | 99,990         |
| GMR Highways Limited (formerly GMR Highways Private Limited)<br>[17,850,000 (2009: 1,975,000) equity shares of Rs. 10 each]                                   | 178,500,000    | 19,750,000     |
| GMR Hyderabad Vijaywada Expressways Private Limited<br>[7,400 (2009: Nil) equity shares of Rs. 10 each]   | 74,000         | -              |
| GMR Corporate Affairs Private Limited<br>[4,999,900 (2009: Nil) equity shares of Rs. 10 each]   | 49,999,000     | -              |
| GMR Chennai Outer Ring Road Private Limited<br>[3,100 (2009: Nil) equity shares of Rs. 10 each]   | 31,000         | -              |
| GMR Energy Trading Limited<br>[42,119,897 (2009: Nil) equity shares of Rs. 10 each]   | 421,198,970    | -              |
| Dhruvi Securities Private Limited<br>[2,849,490 (2009: Nil) equity shares of Rs. 10 each]   | 141,674,910    | -              |
| GMR OSE Hungund Hospet Highways Private Limited<br>[5,100 (2009: Nil) equity shares of Rs. 10 each]   | 51,000         | -              |

## Schedules forming part of Balance Sheet as at March 31, 2010

(Amount in Rupees)

| Schedule 6   INVESTMENTS (contd.)  | March 31, 2010        | March 31, 2009        |
|--|-----------------------|-----------------------|
| - Body Corporates  |                       |                       |
| GMR Energy (Mauritius) Limited<br>[5 (2009: 5) equity share of USD 1 each]   | 202                   | 202                   |
| GMR Infrastructure (Mauritius) Limited<br>[220,550,001 (2009: 156,550,001) equity share of USD 1 each]   | 10,285,016,500        | 7,175,661,500         |
| <b>B. In Equity Shares of Joint Venture</b>  |                       |                       |
| Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Yapım Ve İşletme Anonim Şirketi @<br>[86,984,800 (2009: 51,108,925) equity shares of YTL 1 each]    | 2,667,559,592         | 1,570,061,222         |
| Istanbul Sabiha Gokcen Uluslararası Havalimani Yer Hizmetleri Anonim Şirketi @<br>[4,300 (2009: 3,502) equity shares of YTL 100 each]                      | 12,743,830            | 10,317,420            |
| (i)  | <b>41,841,324,326</b> | <b>32,237,249,900</b> |
| <b>C. In Preference Shares of Subsidiary Companies - fully paid</b>  |                       |                       |
| GMR Energy Limited<br>[386,852,522 (2009: 838,142,971) 1% preference shares of Rs. 10 each]  | 3,868,525,220         | 8,381,429,710         |
| GMR Pochanpalli Expressways Limited (formerly GMR Pochanpalli Expressways Private Limited)<br>[4,450,000 (2009: Nil) 8% preference shares of Rs. 100 each] | 445,000,000           | -                     |
| GMR Jadcherla Expressways Private Limited<br>[5,310,000 (2009: Nil) 8% preference shares of Rs. 100 each]  | 531,000,000           | -                     |
| GMR Ambala Chandigarh Expressways Private Limited<br>[66,000 (2009: Nil) 8% preference shares of Rs. 100 each]   | 6,600,000             | -                     |
| GMR Ulundurpet Expressways Private Limited<br>[10,002,000 (2009: Nil) 8% preference shares of Rs. 100 each]  | 1,000,200,000         | -                     |
| GMR Highways Limited (formerly GMR Highways Private Limited)<br>[34,364,000 (2009: Nil) 8% preference shares of Rs. 100 each]                              | 3,436,400,000         | -                     |
| (ii)   | <b>9,287,725,220</b>  | <b>8,381,429,710</b>  |
| <b>D. In Debentures of Subsidiary Company</b>  |                       |                       |
| GMR Krishnagiri SEZ Limited<br>[200 (2009: Nil) 1% Cumulative optionally convertible debentures of Rs. 10,000,000 each]                                    | 2,000,000,000         | -                     |
| (iii)  | <b>2,000,000,000</b>  | <b>-</b>              |
| <b>E. In Equity Shares of Other Body Corporate - fully paid</b>  |                       |                       |
| GMR Holding (Malta) Limited @<br>[58 (2009: 58) equity shares of EUR 1 each]   | 3,924                 | 3,924                 |
| (iv)   | <b>3,924</b>          | <b>3,924</b>          |
| @ -Refer Note 8 of Schedule 18 for details of investments pledged as security in respect of the loans availed by the company and the investee companies    |                       |                       |
| <b>II. Current Investment - Lower of Cost and Fair value</b>   |                       |                       |
| <b>Other than Trade - Unquoted</b>   |                       |                       |
| <b>A. Investments in Certificate of Deposits (CD)</b>  |                       |                       |
| CD- Allahabad Bank<br>[5,000 (2009: Nil) Units of Rs. 100,000 each]  | 487,033,500           | -                     |
| CD- Canara Bank<br>[2,500 (2009: Nil) Units of Rs. 100,000 each]   | 235,692,000           | -                     |
| CD- Canara Bank<br>[7,500 (2009: Nil) Units of Rs. 100,000 each]   | 731,111,250           | -                     |

## Schedules forming part of Balance Sheet as at March 31, 2010

(Amount in Rupees)

| Schedule 6   INVESTMENTS (contd.)   | March 31, 2010        | March 31, 2009        |
|---|-----------------------|-----------------------|
| CD- Canara Bank<br>[25,000 (2009:Nil) Units of Rs. 100,000 each]  | 2,395,812,500         | -                     |
| CD- Central Bank of India<br>[2,500 (2009:Nil) Units of Rs. 100,000 each]                                   | 249,704,750           | -                     |
| CD- Punjab National Bank<br>[2,500 (2009:Nil) Units of Rs. 100,000 each]                                    | 235,090,750           | -                     |
| CD- State Bank of Bikaner & Jaipur<br>[2,500 (2009:Nil) Units of Rs. 100,000 each]                          | 235,583,500           | -                     |
| CD- State Bank of Bikaner & Jaipur<br>[2,500 (2009:Nil) Units of Rs. 100,000 each]                          | 249,106,750           | -                     |
| CD- Union Bank of India<br>[1,500 (2009:Nil) Units of Rs. 100,000 each]                                     | 141,179,700           | -                     |
| CD- Corporation Bank<br>[2,000 (2009:Nil) Units of Rs. 100,000 each]  | 199,657,400           | -                     |
|   | (v) 5,159,972,100     | -                     |
| <b>B. Investments in Mutual Funds</b>   |                       |                       |
| ICICI Prudential Flexible Income Plan Premium Growth<br>[6,321,876 (2009:Nil) Units of Rs. 100 each]        | 1,082,476,079         | -                     |
| ICICI Prudential Liquid Super Institutional Plan - Growth<br>[11,842,120 (2009:Nil) Units of Rs. 100 each ] | 1,611,189,063         | -                     |
| HDFC Cash Management Fund - Treasury Advantage Plan - Growth<br>[4,459,889 (2009:Nil) Units of Rs. 10 each] | 90,011,708            | -                     |
| Birla Sunlife Cash Plus Institutional Premium Growth<br>[98,652,723 (2009:Nil) Units of Rs. 10 each]        | 1,452,256,863         | -                     |
|   | (vi) 4,235,933,713    | -                     |
| <b>Total (i)+(ii)+(iii)+(iv)+(v)+(vi)</b>   | <b>62,524,959,283</b> | <b>40,618,683,534</b> |

(Amount in Rupees)

| Schedule 7   INVENTORIES  | March 31, 2010     | March 31, 2009 |
|---------------------------|--------------------|----------------|
| Raw material              | 1,467,462          | -              |
| Contract work in progress | 125,341,127        | -              |
| <b>Total</b>              | <b>126,808,589</b> | <b>-</b>       |

(Amount in Rupees)

| Schedule 8   SUNDRY DEBTORS                            | March 31, 2010     | March 31, 2009 |
|--|--------------------|----------------|
| (Unsecured, considered good)                           |                    |                |
| a) Debts outstanding for a period exceeding six months | -                  | -              |
| b) Other debts   | 373,515,770        | -              |
| <b>Total</b>   | <b>373,515,770</b> | <b>-</b>       |

## Schedules forming part of Balance Sheet as at March 31, 2010

(Amount in Rupees)

| Schedule 9   CASH AND BANK BALANCES    | March 31, 2010     | March 31, 2009        |
|--|--------------------|-----------------------|
| Cash on hand                           | 208,157            | -                     |
| Balances with scheduled banks          |                    |                       |
| - On current accounts ( Note 1 )       | 85,098,388         | 1,464,084,890         |
| - On deposit accounts ( Note 2 and 3 ) | 600,000,000        | 11,770,497,468        |
| - On margin money accounts ( Note 4 )  | -                  | 84,575,318            |
| <b>Total</b>                           | <b>685,306,545</b> | <b>13,319,157,676</b> |

### Notes:

1. Includes share application money pending refund Rs. 526,322 (2009: Rs. 507,055)
2. Includes deposit of Rs. 100,000,000 (2009: Nil) on which charge has been created for working capital facility
3. Includes deposit of Rs. Nil (2009: Rs. 650,000,000) which has been offered as security in favour of debenture holders
4. The Margin money deposits were towards Bank Guarantees issued by the bankers on behalf of the Company

(Amount in Rupees)

| Schedule 10   OTHER CURRENT ASSETS | March 31, 2010    | March 31, 2009    |
|------------------------------------|-------------------|-------------------|
| (Unsecured, considered good)       |                   |                   |
| Interest accrued but not due       |                   |                   |
| - On loan to subsidiaries          | 28,000,155        | -                 |
| - On fixed deposits with banks     | 535,767           | 57,969,224        |
| <b>Total</b>                       | <b>28,535,922</b> | <b>57,969,224</b> |

(Amount in Rupees)

| Schedule 11   LOANS AND ADVANCES                                     | March 31, 2010        | March 31, 2009       |
|--|-----------------------|----------------------|
| (Unsecured and considered good, unless otherwise stated)             |                       |                      |
| Loans to subsidiaries  | 10,000,000,000        | -                    |
| Advance towards investments in subsidiaries                          | 10,517,330,639        | 6,848,357,513        |
| Advances recoverable in cash or in kind or for value to be received* |                       |                      |
| - Considered good  | 109,488,783           | 151,343,818          |
| - Considered doubtful  | -                     | 60,000,000           |
| Balances with customs, excise etc.                                   | 71,305,245            | -                    |
| MAT credit entitlements  | 44,060,630            | -                    |
| Advance tax (Net of provisions)                                      | 130,619,255           | 43,769,537           |
| Deposits - others  | 20,291,051            | 358,605,400          |
|  | <b>20,893,095,603</b> | <b>7,462,076,268</b> |
| Less: Provision for doubtful advance                                 | -                     | (60,000,000)         |
| <b>Total</b>   | <b>20,893,095,603</b> | <b>7,402,076,268</b> |

\* Includes dues from the Directors Rs. 12,289,000 (2009: Rs. Nil) and maximum amount outstanding during the year Rs.12,289,000 (2009: Rs. Nil), Refer note 19 of Schedule 18

## Schedules forming part of Balance Sheet as at March 31, 2010

(Amount in Rupees)

| Schedule 12   CURRENT LIABILITIES AND PROVISIONS  | March 31, 2010     | March 31, 2009     |
|---|--------------------|--------------------|
| <b>A) Liabilities</b>   |                    |                    |
| Sundry creditors  |                    |                    |
| Dues to micro and small enterprises<br>[Refer Note 17 of Schedule 18]                             | -                  | -                  |
| Dues to other than micro and small enterprises  | 370,317,760        | 74,880,154         |
| Share application money pending refund #  | 526,322            | 507,055            |
| Advance from customers  | 156,500,000        | -                  |
| Interest accrued but not due on loans   | 150,684,918        | 79,863,000         |
| Other liabilities   | 23,553,884         | 19,225,703         |
|   | <b>701,582,884</b> | <b>174,475,912</b> |
| # There is no amount due and outstanding to be credited to Investor Education and Protection Fund |                    |                    |
| <b>B) Provisions</b>  |                    |                    |
| Provision for employee benefits   | 45,055,409         | 8,436,901          |
| Provision for debenture redemption premium  | 57,534,247         | -                  |
|   | 102,589,656        | 8,436,901          |
| <b>Total</b>  | <b>804,172,540</b> | <b>182,912,813</b> |

## Schedules forming part of Profit and Loss Account for the year ended March 31, 2010

(Amount in Rupees)

| Schedule 13   OPERATING INCOME                                | March 31, 2010       | March 31, 2009       |
|---|----------------------|----------------------|
| Contract revenue  | 683,611,256          | -                    |
| Dividend from current investments                             | -                    | 1,077,343,110        |
| Profit on sale of current investments (net)                   | 170,352,598          | -                    |
| Income from management technical services                     | 372,740,284          | -                    |
| Interest income - Gross                                       |                      |                      |
| - Deposits and Bonds  | 300,906,445          | 508,659,338          |
| - Loans to subsidiaries                                       | 165,972,603          | 6,001,096            |
| [Tax deducted at source Rs.54,428,160 (2009: Rs. 63,698,161)] |                      |                      |
| <b>Total</b>  | <b>1,693,583,186</b> | <b>1,592,003,544</b> |

(Amount in Rupees)

| Schedule 14   OTHER INCOME  | March 31, 2010    | March 31, 2009    |
|---|-------------------|-------------------|
| Provisions/ Liabilities no longer required, written back<br>[Net of advances written off Rs 56,964,414 (2009: Rs. Nil)] | 3,035,586         | -                 |
| Gain on foreign exchange fluctuations (net)   | -                 | 53,374,575        |
| Miscellaneous income  | 91,169,949        | 4,807,942         |
| <b>Total</b>  | <b>94,205,535</b> | <b>58,182,517</b> |

## Schedules forming part of Profit and Loss Account for the year ended March 31, 2010

(Amount in Rupees)

| Schedule 15   OPERATING EXPENSES                                   | March 31, 2010     | March 31, 2009 |
|--|--------------------|----------------|
| Construction cost  | 305,611,341        | -              |
| Salaries, allowances and benefits to employees - Contract Expenses | 243,137,196        | -              |
|  | 548,748,537        | -              |
| Less: Closing contract work in progress                            | 125,341,127        | -              |
| <b>Total</b>   | <b>423,407,410</b> | <b>-</b>       |

(Amount in Rupees)

| Schedule 16   ADMINISTRATION AND OTHER EXPENDITURE    | March 31, 2010     | March 31, 2009     |
|---|--------------------|--------------------|
| Salaries, allowances and benefits to employees        | 121,477,625        | 90,314,064         |
| Contribution to provident fund and others             | 22,448,587         | 10,904,030         |
| Staff welfare expenses                                | 16,298,599         | 23,544             |
| Bidding charges                                       | 27,367,048         | -                  |
| Lease rent and hire charges                           | 17,869,727         | -                  |
| Rates and taxes                                       | 41,224,362         | 17,897,076         |
| Repairs and maintenance - others                      | 35,782,867         | 293,171            |
| Insurance   | 1,117,413          | 586,902            |
| Consultancy and professional charges                  | 119,965,108        | 74,189,969         |
| Directors' sitting fees                               | 1,450,000          | 1,080,000          |
| Provision for doubtful advances                       | -                  | 60,000,000         |
| Travelling and conveyance                             | 39,839,637         | 31,048,355         |
| Communication expenses                                | 7,408,051          | 986,088            |
| Loss on foreign exchange fluctuations (net)           | 11,881,841         | -                  |
| Loss on sale of current investment (other than trade) | -                  | 36,064,690         |
| Fixed assets written off                              | -                  | 723,136            |
| Advertisement and business promotion                  | 14,068,910         | 8,639,099          |
| Printing, stationery, postage and telegram            | 27,772,238         | 17,902,077         |
| Meetings and seminars                                 | 9,990,289          | 11,078,784         |
| Donations   | 6,289,842          | 6,595,000          |
| Loss on sale of fixed assets                          | 39,978             | -                  |
| Miscellaneous expenses                                | 5,200,505          | 2,960,324          |
| <b>Total</b>  | <b>527,492,627</b> | <b>371,286,309</b> |

(Amount in Rupees)

| Schedule 17   FINANCE CHARGES  | March 31, 2010     | March 31, 2009     |
|--------------------------------|--------------------|--------------------|
| Interest on fixed period loans | 578,821,917        | 141,588,016        |
| Interest on debentures         | 55,008,740         | 80,380,247         |
| Interest - others              | 4,251,375          | 8,634,439          |
| Bank and other finance charges | 53,066,947         | 7,321,659          |
| <b>Total</b>                   | <b>691,148,979</b> | <b>237,924,361</b> |

# Notes forming part of Accounts

## Schedule 18 | Statement on Significant Accounting Policies and Notes to the Accounts

### 1. Background

GMR Infrastructure Limited ('GIL' or 'the Company') carries its business in the following verticals:

#### Engineering Procurement Construction

The Company is engaged in handling Engineering Procurement Construction (EPC) solutions in the infrastructure sector.

#### Others

The Company's business also comprises of investment activity and corporate support to various infrastructure Special Purpose Vehicles (SPV).

### 2. Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act'). The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company.

### 3. Significant Accounting Policies

#### a. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### b. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Construction revenue and costs are recognized by reference to the stage of completion of the construction activity at the Balance Sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the construction cannot be estimated reliably, revenue is recognized to the extent of the construction costs incurred if it is probable that they will be recoverable. In the case of contracts with defined milestones and assigned price for each milestone, it recognizes revenue on transfer of significant risks and rewards which coincides with achievement of milestone and its acceptance by its customer. Provision is made for all losses incurred to the Balance Sheet date. Any further losses that are foreseen in bringing contracts to completion are also recognised.

Dividend income on investments is accounted for when the right to receive the payment is established by the Balance Sheet

date. Dividends from subsidiaries are recognized even if same are declared after the Balance Sheet date but pertain to period on or before the date of Balance Sheet as per the requirement of schedule VI of the Companies Act, 1956.

Income from management/technical services is recognized as per the terms of the agreement on the basis of services rendered.

Interest on investments and bank deposits are recognised on a time proportion basis taking into account the amounts invested and the rate of interest.

#### c. Fixed Assets

Fixed Assets are stated at cost of acquisition, less accumulated depreciation and impairment losses, if any. Cost comprises of purchase price and freight, duties, levies and all other incidentals attributable to bringing the asset to its working condition for its intended use.

Assets under installation or under construction and the related advances as at the Balance Sheet date are shown as capital work in progress.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets till the period such assets are ready to be put to use. A qualifying asset is one that takes substantial period of time to get ready for its intended use or sale. Other borrowing costs not attributable to the acquisition of any capital asset or investments are recognized as expenses in the period in which they are incurred.

#### d. Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

#### e. Depreciation

Depreciation is provided on straight line method at the rates specified under Schedule XIV to the Act, which is estimated by the management to be the estimated useful lives of the assets. Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

#### f. Impairment of Assets

All the fixed assets are assessed for any indication of impairment at the end of each financial year based on internal and external factors. On such indication, the impairment (being the excess of

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

carrying value over the recoverable value of the asset) is charged to the profit and loss account in the respective financial year. Recoverable amount is higher of the net selling price of an asset and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

#### g. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long-term investments are carried at cost less provision made to recognize any decline, other than temporary, in the value of such investments. Current investments are valued at cost or fair value whichever is lower. Cost of acquisition is inclusive of expenditure incidental to acquisition.

#### h. Inventories

Inventories of raw materials are valued at lower of cost and net realizable value. Cost of raw materials is determined on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition.

Costs incurred that relate to future activities on the contract are recognised as "Contract work in progress".

Contract work-in-progress comprising construction costs and other directly attributable overheads are valued at cost.

#### i. Employee Benefits

##### a) Defined contribution plans

Contributions paid/payable to defined contribution plans comprising of provident fund and pension fund are recognised as expenses during the period in which the employees perform the services that the payments cover.

The Company also has a defined contribution superannuation plan (under a scheme of Life Insurance Corporation of India) covering all its employees and contributions in respect of such scheme are charged during the period in which the employees perform the services that the payments cover.

The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

##### b) Defined benefit plan

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognized in the Profit and Loss account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation, based on Projected Unit Credit Method at the Balance Sheet date, carried out by an independent actuary. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions and are recognized immediately in the Profit and Loss account as income or expense.

##### c) Other long term employee benefits

Compensated absences which are not expected to occur

within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date based on actuarial valuation method of Projected Unit Credit carried out at each Balance Sheet date. Actuarial gains and losses are recognized immediately in the Profit and Loss Account as income or expense.

##### d) Short term employee benefits

Short term employee benefits including compensated absences as at the Balance Sheet date are recognized as an expense as per the Company's schemes based on the expected obligation on an undiscounted basis.

#### j. Foreign Currency Transactions

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the enterprise's financial statements and amortized over the balance period of such long-term asset/liability but not beyond accounting period ending on or before 31st March, 2011.

All other monetary assets and liabilities denominated in foreign currency are restated at the closing rates at the year end and all exchange gains/losses arising there from are adjusted to the Profit and Loss account except, those covered by forward contracted rates, where the premium or discount arising at the inception of such forward exchange contract is amortized as expense or income over the life of the contract.

#### k. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net



## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### I. Taxes On Income

Tax expense comprises of current and deferred tax. Current tax is determined based on the amount of tax payable in respect of taxable income for the year in accordance with the Income Tax Act, 1961 enacted in India. Deferred tax is recognized on timing differences, being the difference between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years.

Deferred tax assets and liabilities are computed on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the

Company will pay normal income tax during the specified period.

#### m. Segment Reporting Policies

##### Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

##### Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

##### Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

#### n. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

#### o. Cash and Cash Equivalents

Cash for the purposes of cash flow statement comprise cash in hand and at Bank (including deposits) and cash equivalents comprise of short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### p. Shares/ Debentures Issue Expenses and Premium on Redemption

Shares/ Debentures issue expenses incurred are expensed in the year of issue and redemption premium payable on preference shares/ debentures, expensed over the term of preference shares/ debentures. Both are adjusted to the Securities Premium Account as permitted by Section 78(2) of the Companies Act, 1956.

#### q. Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and to the extent not provided for, are disclosed by way of notes on the accounts.

#### 4. Contingent Liabilities:

Corporate Guarantees issued in respect of borrowings availed by subsidiary companies and others – Rs. 89,766,300,000 (2009: Rs. 71,001,000,000).

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

The Company, through its step-down subsidiary GMR Energy (Global) Limited (G EGL), has entered into arrangements to acquire 50% equity stake in InterGen NV by means of Compulsorily Convertible Debentures (CCDs) in GMR Holding (Malta) Limited ('GHML'), a fellow subsidiary company, aggregating to USD 254 Million. InterGen NV is a global energy company, which operates 8,146 MW capacity across five countries in four continents and is further developing 4,400 MW.

The Company has also given a corporate guarantee up to a maximum of USD 1.38 billion to the lenders on behalf of GHML to enable it to raise debt for financing the aforesaid acquisition. Of such debts in GHML, USD 837 million is due to mature in October 2010. Subsequent to the year end, the Company, through G EGL, has invested additional USD 100 million in the CCDs issued by GHML to facilitate part repayment of the said loan.

GHML's non statutory consolidated financial statements for the period ended December 31, 2009, prepared under International Financial Reporting Standards (IFRSs) as adopted by European Union, show a loss of USD 130.90 million (March 31, 2009 – USD 54.60 million) and its total liabilities exceeded total assets by USD 159.3 million (2009 – USD 62.2 million). This loss was primarily due to the share of losses of the GHML's investment through its subsidiary in associate InterGen N.V. of USD 77.5 million as well as finance costs of USD 51.7 million. Though InterGen incurred a loss for the year ended December 31, 2009, it has generated an operating cash flow of USD 91 million (December 31, 2008 – USD 113 million) and its accounts continue to be prepared on a going concern basis. Further, subsequent to the year end, GHML has implemented new holding company structure to facilitate cash inflows from InterGen NV. Subsequent to the year-end, GHML has received distribution of cash amounting to USD 32.5 million from InterGen NV.

GHML is in advanced stages of negotiation to refinance USD 537 million through a consortium of banks which is expected to be finalised in June 2010 and is also in the process of refinancing the balance of USD 200 million with other lenders. To this end, GMR Holdings Private Limited, the ultimate holding company, has also undertaken to provide the necessary financial guarantees to meet any obligations.

Considering the above and the equity value of InterGen NV, Corporate Guarantee to the lenders on behalf of GHML is considered for disclosure as Contingent Liability as above, the management does not envisage any adverse financial implication on account of the above said corporate guarantee.

#### 5. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances Rs. 83,686,592 (2009: Rs. Nil).

6. During the year, 46,800,000 equity shares of Rs.10 each of Delhi International Airport Private Limited (DIAL) were acquired from Infrastructure Development Finance Corporation Limited Infrastructure Fund - India Development Fund at a consideration

of Rs. 1,497,197,420 which was discharged by allotment of 26,038,216 equity shares of GIL of Re.1 each at issue price of Rs. 57.50 per equity share (including Rs. 56.50 per equity share towards share premium). Consequently, the effective share holding of the Company in DIAL has increased to 53.79%.

#### 7. Employee Benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognised in the Profit and Loss account and the funded status and amounts recognised in the Balance Sheet for gratuity benefit.

#### Profit and Loss Account

(Amount in Rupees)

| Net employee benefit expense           | 2010      | 2009     |
|--|-----------|----------|
| Current service cost                   | 645,961   | 362,157  |
| Interest cost on benefit obligation    | 45,514    | 15,910   |
| Expected return on plan assets         | (902,113) | (52,927) |
| Net actuarial( gain) / loss recognised | (692,721) | (27,164) |
| Past service cost                      | 349,364   | -        |
| Net benefit expense                    | (553,995) | 297,976  |

(Amount in Rupees)

|                              |           |        |
|------------------------------|-----------|--------|
| Actual return on plan assets | 1,453,438 | 62,189 |
|------------------------------|-----------|--------|

#### Balance sheet

(Amount in Rupees)

|                                      | 2010       | 2009    |
|--------------------------------------|------------|---------|
| Defined benefit obligation           | 22,179,823 | 568,931 |
| Fair value of plan assets            | 22,179,823 | 723,778 |
| Less: Unrecognised past service cost | -          | -       |
| Plan asset / (liability)             | -          | 154,847 |

#### Changes in the present value of the defined benefit obligation:

(Amount in Rupees)

|  | 2010       | 2009     |
|--|------------|----------|
| Opening defined benefit obligation       | 568,931    | 227,290  |
| Interest cost                            | 45,514     | 15,910   |
| Current service cost                     | 645,961    | 362,157  |
| Past service cost                        | 349,364    | -        |
| Benefits paid                            | -          | -        |
| Adjusted on transfer                     | 20,711,449 | -        |
| Actuarial (gains) / losses on obligation | (141,396)  | (36,426) |
| Closing defined benefit obligation       | 22,179,823 | 568,931  |

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

Changes in the fair value of plan assets are as follows:

(Amount in Rupees)

|   | 2010       | 2009    |
|---|------------|---------|
| Opening fair value of plan assets         | 723,778    | 661,589 |
| Expected return                           | 902,113    | 71,451  |
| Contributions by employer                 | 85,625     | -       |
| Benefits paid                             | -          | -       |
| Actuarial gains / (losses) on plan assets | 551,325    | (9,262) |
| Adjusted on transfer                      | 19,916,982 | -       |
| Closing fair value of plan assets         | 22,179,823 | 723,778 |

The Company expects to contribute Rs. 1,000,000 (2009: Rs. 1,000,000) towards gratuity fund in 2010-2011.

The major category of plan assets as a percentage of the fair value of total plan assets are as follows:

|  | 2010 | 2009 |
|--|------|------|
|  | %    | %    |
| Investments with insurer managed funds | 100  | 100  |

The principal assumptions used in determining gratuity obligation:

|                                   | 2010 | 2009 |
|-----------------------------------|------|------|
|                                   | %    | %    |
| Discount rate                     | 8    | 7    |
| Expected rate of return on assets | 8    | 8    |
| Expected rate of salary increase  | 6    | 6    |
| Employee turnover                 | 5    | 5    |

Notes :

1. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

2. The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

Amounts for the current and prior periods are as follows:

(Amount in Rupees)

|  | Gratuity   |          |          |
|--|------------|----------|----------|
|  | 2010       | 2009     | 2008     |
| Defined benefit obligation                 | 22,179,823 | 568,931  | 227,290  |
| Plan assets                                | 22,179,823 | 723,778  | 661,589  |
| Surplus / (deficit)                        | -          | 154,847  | 434,299  |
| Experience adjustments on plan liabilities | (141,396)  | (36,426) | (25,875) |
| Experience adjustments on plan assets      | 551,325    | (9,262)  | 7,869    |

Liability towards compensated absence is provided based on actuarial valuation amounts to Rs.34,069,068 (2009: Rs. 7,867,970) as at March 31, 2010.

8. The following long term unquoted investments included in Schedule 6 have been pledged/subjected to negative lien/frozen by the Company towards borrowings of the Company or the investee companies:

(Amount in Rupees)

| Description  | No of shares  | Carrying Value as at March 31, 2010 |
|--|---------------|-------------------------------------|
| GMR Energy Limited   | -             | -                                   |
| (Equity shares of Rs.10 each fully paid up)  | (32,607,413)  | (220,157,423)                       |
| GMR Hyderabad International Airport Limited  | 164,149,015   | 1,641,490,150                       |
| (Equity shares of Rs.10 each fully paid up)  | (151,080,552) | (1,510,805,520)                     |
| GMR Pochanpalli Expressways Limited (formerly GMR Pochanpalli Expressways Private Limited) | -             | -                                   |
| (Equity shares of Rs.10 each fully paid up)  | (37,260,000)  | (372,600,000)                       |
| GMR Jadcherla Expressways Private Limited  | -             | -                                   |
| (Equity shares of Rs.10 each fully paid up)  | (31,812,750)  | (318,127,500)                       |
| GMR Ambala Chandigarh Expressways Private Limited  | 23,272,687    | 232,726,870                         |
| (Equity shares of Rs.10 each fully paid up)  | (23,272,687)  | (232,726,870)                       |
| GMR Ulundurpet Expressways Private Limited   | -             | -                                   |
| (Equity shares of Rs.10 each fully paid up)  | (53,662,500)  | (536,625,000)                       |
| Delhi International Airport Private Limited  | 93,166,904    | 931,669,040                         |
| (Equity shares of Rs.10 each fully paid up)  | (93,166,904)  | (931,669,040)                       |
| GMR Holding (Malta) Limited  | 58            | 3,924                               |
| (Equity shares of EUR 1 each fully paid-up)  | (58)          | (3,924)                             |
| Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi     | 86,984,800    | 2,667,559,592                       |
| (Equity shares of YTL 1 each fully paid-up)  | (40,887,140)  | (1,256,048,978)                     |
| Istanbul Sabiha Gokcen Uluslararası Havalimani Yer Hizmetleri Anonim Sirketi               | 4,300         | 12,743,830                          |
| (Equity shares of YTL 100 each fully paid-up)  | (3,502)       | (10,317,420)                        |

Note: Previous year figures are mentioned in brackets.

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

9. The segment report of the Company has been prepared in accordance with Accounting Standard 17 on Segment Reporting notified pursuant to the Companies (Accounting Standard) Rules, 2006 as amended.

The business segments of the Company comprise of the following:

- EPC – Handling of engineering, procurement and construction solutions in Infrastructure sector.
- Others – Investment activity and corporate support to various infrastructure SPVs

(Amount in Rupees)

| Business segments                      | EPC                  |          | Others               |                      | Inter Segment |          | Total                |                      |
|--|----------------------|----------|----------------------|----------------------|---------------|----------|----------------------|----------------------|
|  | 2010                 | 2009     | 2010                 | 2009                 | 2010          | 2009     | 2010                 | 2009                 |
| <b>Revenue</b>                         |                      |          |                      |                      |               |          |                      |                      |
| Revenue                                | 1,013,889,334        | -        | 679,693,852          | 1,592,003,544        | -             | -        | 1,693,583,186        | 1,592,003,544        |
| Inter Segment revenue                  | -                    | -        | -                    | -                    | -             | -        | -                    | -                    |
| <b>Total revenue</b>                   | <b>1,013,889,334</b> | <b>-</b> | <b>679,693,852</b>   | <b>1,592,003,544</b> | <b>-</b>      | <b>-</b> | <b>1,693,583,186</b> | <b>1,592,003,544</b> |
| Operating expenses                     | 423,407,410          | -        | -                    | -                    | -             | -        | 423,407,410          | -                    |
| General and Administrative Expenditure | 157,081,926          | -        | 370,410,701          | 371,286,309          | -             | -        | 527,492,627          | 371,286,309          |
| Depreciation                           | 5,883,847            | -        | 3,479,092            | 1,085,519            | -             | -        | 9,362,939            | 1,085,519            |
| <b>Segment Operating profit/(loss)</b> | <b>427,516,151</b>   | <b>-</b> | <b>305,804,059</b>   | <b>1,219,631,716</b> | <b>-</b>      | <b>-</b> | <b>733,320,210</b>   | <b>1,219,631,716</b> |
| Interest income/ (expense)-net         | (3,326,223)          | -        | (687,822,756)        | (237,924,361)        | -             | -        | (691,148,979)        | (237,924,361)        |
| Other income/ (expense) -net           | 90,436,879           | -        | 3,768,656            | 58,182,517           | -             | -        | 94,205,535           | 58,182,517           |
| <b>Profit/(loss) before tax</b>        | <b>514,626,807</b>   | <b>-</b> | <b>(378,250,041)</b> | <b>1,039,889,872</b> | <b>-</b>      | <b>-</b> | <b>136,376,766</b>   | <b>1,039,889,872</b> |
| Taxation                               |                      |          |                      |                      |               |          |                      |                      |
| Current Tax                            | -                    | -        | -                    | -                    | -             | -        | 44,060,630           | 57,500,000           |
| Less: MAT credit entitlement           | -                    | -        | -                    | -                    | -             | -        | (44,060,630)         | -                    |
| Fringe Benefit Tax                     | -                    | -        | -                    | -                    | -             | -        | -                    | 8,087,723            |
| Deferred tax                           | -                    | -        | -                    | -                    | -             | -        | 1,854,543            | (2,431,175)          |
| <b>Other Information</b>               |                      |          |                      |                      |               |          |                      |                      |
| Segment Assets                         | 751,834,951          | -        | 84,236,845,118       | 61,408,175,032       | (34,311,509)  | -        | 84,954,368,560       | 61,408,175,032       |
| Capital expenditure                    | 233,184,606          | -        | 90,059,299           | 3,164,530            | -             | -        | 323,243,905          | 3,164,530            |
| Depreciation/ Amortisation             | 5,883,847            | -        | 3,479,092            | 1,085,519            | -             | -        | 9,362,939            | 1,085,519            |
| Segment liabilities                    | 413,507,535          | -        | 26,174,976,514       | 4,385,923,696        | (34,311,509)  | -        | 26,554,172,540       | 4,385,923,696        |

The Company operates only in India and hence no other geographical location has been disclosed.

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

#### 10. Related Party Transactions

a) Name of Related Parties and description of relationship:

| Description of Relationship | Name of the Related Parties   |
|-----------------------------|---|
| Holding Company             | GMR Holdings Private Limited (GHPL)   |
| Subsidiary Companies        | GMR Energy Limited (GEL)<br>GMR Power Corporation Limited (GPCL) (formerly GMR Power Corporation Private Limited)<br>GMR Vemagiri Power Generation Limited (VPGL) (formerly Vemagiri Power Generation Limited)<br>GMR Energy Trading Limited (GETL)<br>GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)<br>Badrinath Hydro Power Generation Private Limited (BHPL)<br>GMR Mining and Energy Private Limited (GMEL)<br>GMR Kamalanga Energy Limited (GKEL)<br>GMR Consulting Services Private Limited (GCSPL) (formerly GMR Consulting Engineers Private Limited)<br>GMR Rajahmundry Energy Limited (GREL)<br>SJK Powergen Limited (SJK)<br>GMR Coastal Energy Private Limited (GCEPL)<br>GMR Bajoli Holi Hydropower Private Limited (GBHPPL)<br>GMR Chhattisgarh Energy Private Limited (GCHEPL)<br>GMR Londa Hydropower Private Limited (GLHPPL)<br>Londa Hydro Power Private Limited (LHPL)<br>EMCO Energy Limited (EMCO)<br>Delhi International Airport Private Limited (DIAL)<br>DIAL Cargo Private Limited (DCPL)<br>Delhi Aerotropolis Private Limited (DAPL)<br>Delhi Aviation Fuel Facility Private Limited (DAFFPL)<br>East Delhi Waste Processing Company Private Limited (EDWPCPL)<br>GMR Hyderabad International Airport Limited (GHIAL)<br>Hyderabad Menzies Air Cargo Private Limited (HMACPL)<br>Hyderabad Airport Security Services Limited (HASSL)<br>GMR Hyderabad Airport Resource Management Limited (GHARML)<br>GMR Hyderabad Aerotropolis Limited (GHAL)<br>GMR Hyderabad Aviation SEZ Limited (GHASL)<br>GMR Hyderabad Multiproduct SEZ Limited (GHMSL)<br>GMR Hotels and Resorts Limited (GHHL) (formerly GMR Airport Handling Services Limited)<br>Gateways for India Airports Private Limited (GFIAPL)<br>GMR Highways Limited (GMRHL) (formerly GMR Highways Private Limited)<br>GMR Tuni Anakapalli Expressways Private Limited (GTAEPL)<br>GMR Tambaram Tindivanam Expressways Private Limited (GTTEPL)<br>GMR Ambala Chandigarh Expressways Private Limited (GACEPL)<br>GMR Jadcherla Expressways Private Limited (GJEPL)<br>GMR Pochanpalli Expressways Limited(GPEL) (formerly GMR Pochanpalli Expressways Private Limited)<br>GMR Ulundurpet Expressways Private Limited (GUEPL)<br>GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL)<br>GMR Chennai Outer Ring Road Private Limited (GCCRPL) (Associate till March 26, 2010)<br>GMR OSE Hungund Hospet Highways Private Limited (GOSEHHHPL)<br>GMR Krishnagiri SEZ Limited (GKSEZL)<br>Advika Properties Private Limited (APPL) (formerly Advika Real Estate Private Limited)<br>Aklima Properties Private Limited (AKPPL) (formerly Aklima Real Estate Private Limited)<br>Amartya Properties Private Limited (AMPPL) (formerly Amartya Real Estate Private Limited)<br>Baruni Properties Private Limited (BPPL) (formerly Baruni Real Estate Private Limited)<br>Camelia Properties Private Limited (CPPL) (formerly Camelia Real Estate Private Limited)<br>Eila Properties Private Limited (EPPL) (formerly Eila Real Estate Private Limited) |

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

| Description of Relationship                    | Name of the Related Parties  |
|--|--|
|  | <p>Gerbera Properties Private Limited (GPPL) (formerly Gerbera Real Estate Private Limited)<br/> Lakshmi Priya Properties Private Limited (LPPPL) (formerly Hiral Real Estates Private Limited)<br/> Honeysuckle Properties Private Limited (HPPL)<br/> Idika Properties Private Limited (IPPL) (formerly Idika Real Estate Private Limited)<br/> Krishnapriya Properties Private Limited (KPPL) (formerly Krishnapriya Real Estate Private Limited)<br/> Nadira Properties Private Limited (NPPL) (formerly Nadira Real Estate Private Limited)<br/> Prakalpa Properties Private Limited (PPPL) (formerly Prakalpa Real Estate Private Limited)<br/> Purnachandra Properties Private Limited (PUPPL) (formerly Purnachandra Real Estate Private Limited)<br/> Shreyadita Properties Private Limited (SPPL) (formerly Shreyadita Real Estate Private Limited)<br/> Sreepa Properties Private Limited (SRPPL) (formerly Sreepa Real Estate Private Limited)<br/> Bougianvile Properties Private Limited (BOPPL)<br/> GMR Corporate Center Limited (GCCL)<br/> GMR Campus Private Limited (GCPL)<br/> GMR Headquarters Private Limited (GHDPL)<br/> GMR Airports Holding Limited (GAHL) (formerly GVL Investments Private Limited)<br/> GMR Corporate Affairs Private Limited (GCAPL)<br/> GMR SEZ and Port Holdings Private Limited (GSPHPL) (formerly GMR Oil and Natural Gas Private Limited)<br/> GMR Aviation Private Limited (GAPL)<br/> Dhruvi Securities Private Limited (DSPL)<br/> Himtal Hydro Power Company Private Limited (HHPCPL)<br/> GMR Upper Karnali Hydro Power Limited (GUKHL)<br/> GMR Energy (Mauritius) Limited (GEML)<br/> GMR Lion Energy Limited (GLEL)</p> |
|  | <p>GMR Energy (Cyprus) Limited (GECL)<br/> GMR Energy (Netherlands) BV (GENBV)<br/> PT Unsoco (PT)<br/> PT Dwikarya Sejati Utama (PTDSU)<br/> PT Duta Sarana Internusa (PTDSI)<br/> PT Barasentosa Lestari (PTBL)<br/> Lion Energy Tuas Pte Limited (LETPL)<br/> GMR Infrastructure (Mauritius) Limited (GIML)<br/> GMR Infrastructure (Cyprus) Limited (GICL)<br/> GMR Infrastructure Overseas Sociedad Limitada (GIOSL)<br/> GMR Infrastructure (UK) Limited (GIUL)<br/> GMR International (Malta) Limited (GMRIML)<br/> GMR Infrastructure (Global) Limited (GIGL)<br/> GMR Infrastructure (Singapore) Pte Limited (GISPL)<br/> GMR Energy (Global) Limited (GEGL)<br/> Island Power Intermediary Pte Limited (IPIPL)<br/> Island Power Company Pte Limited (IPCPL)<br/> Island Power Supply Pte Limited (IPSPL)</p>  |
| Enterprises where significant influence exists | <p>Istanbul Sabiha Gokcen Uluslararası Havalimani Yer Hizmetleri Anonim Sirketi (SGH)<br/> Limak GMR Construction JV (LGCV)<br/> Homeland Energy Group Limited (HEGL)<br/> MAS GMR Aerospace Engineering Company Private Limited (MGECP)<br/> Devyani Food Street Private Limited (DFSPL)<br/> Delhi Select Services Hospitality Private Limited (DSSHPL)<br/> Delhi Duty Free Services Private Limited (DDFSPL)<br/> Celebi Delhi Cargo Terminal Management India Private Limited (CDCTMIPL)<br/> Delhi Cargo Service Centre Private Limited (DCSCPL)<br/> Wipro Airport IT Services Private Limited (WAITSPL)<br/> Delhi Airport Parking Services Private Limited (DAPSPL)<br/> LGM Havalimani Isletmeleri Ticaret Ve Turizm Anonim Sirketi (LGM)</p>  |

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

| Description of Relationship                                  | Name of the Related Parties   |
|--|---|
| Joint Ventures   | Istanbul Sabiha Gokcen Uluslarasi Havalimani Yatirim Yapum Ve Isletme Sirketi (ISG)   |
| Fellow Subsidiaries<br>(Where transactions have taken place) | GMR Industries Limited (GIDL)<br>Raxa Security Services Limited (RSSL)<br>GMR Bannerghatta Properties Private Limited (GBPPL) (formerly GMR Properties Private Limited)<br>GMR Projects Private Limited (GMRPPL)<br>Ideaspace Solutions Limited (ISL)<br>Rajam Enterprises Private Limited (REPL)<br>Grandhi Enterprises Private Limited (GREPL)<br>GMR Holdings (Malta) Limited (GH(M)L) |
| Key management personnel and their relatives                 | Mr.G.M.Rao (Executive Chairman)<br>Mrs.G.Varalakshmi (Relative)<br>Mr.G.B.S.Raju (Managing Director) (Resigned w.e.f May 12, 2010)<br>Mr. G. Kiran Kumar (Director)<br>Mr Srinivas Bommidala (Director) (Managing Director w.e.f May 24, 2010)<br>Mr. B. V. NageswaraRao (Director)<br>Mr.O.Bangaru Raju (Director)   |

Note: The information disclosed based on the names of the parties as identified by the management.

b) Summary of transactions with above related parties are as follows:

(Amount in Rupees)

| Nature of Transaction                       | 2010        | 2009       |
|---|-------------|------------|
| Interest Income - Gross                     |             |            |
| - Subsidiary Companies                      |             |            |
| - GEL                                       | 136,767,123 | -          |
| - GMRHL                                     | 25,643,836  | -          |
| - GKSEZL                                    | 3,561,644   | -          |
| Income from management / technical services |             |            |
| - Subsidiary Companies                      |             |            |
| - GEL                                       | 4,087,560   | -          |
| - GOSEHHPL                                  | 142,000,000 | -          |
| - GCORRPL                                   | 199,453,724 | -          |
| - GHVEPL                                    | 27,199,000  | -          |
| Contract expenses paid                      |             |            |
| -Subsidiary Company                         |             |            |
| - VPGL                                      | 241,384     | -          |
| Other Administration expenses               |             |            |
| Fellow subsidiaries                         |             |            |
| - RSSL                                      | 6,154,846   | -          |
| - GIDL                                      | -           | 22,541,437 |

| Nature of Transaction              | 2010        | 2009        |
|------------------------------------|-------------|-------------|
| Expenses incurred on behalf of GIL |             |             |
| -Subsidiary Companies              |             |             |
| - GCAPL                            | 30,083,254  | -           |
| - HIAL                             | 11,821      | -           |
| Fellow subsidiary                  |             |             |
| - RSSL                             | 370,749     | -           |
| Logo fee paid/payable to           |             |             |
| - Holding Company                  |             |             |
| - GHPL                             | 5,247,189   | 4,776,000   |
| Deposit paid                       |             |             |
| - Subsidiary Companies             |             |             |
| - GCCL                             | 15,000,000  | 787,500,000 |
| - GCAPL                            | -           | 107,800,000 |
| - Fellow subsidiaries              |             |             |
| - GBPPL                            | 26,800,000  | -           |
| - RSSL                             | 1,750,000   | -           |
| Deposit refund received            |             |             |
| - Subsidiary Companies             |             |             |
| - GCCL                             | 295,800,000 | 792,500,000 |
| - GCAPL                            | 47,800,000  | 60,000,000  |
| - Fellow Subsidiary                |             |             |
| - GBPPL                            | 17,800,000  | -           |

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

| Nature of Transaction                         | 2010          | 2009          |
|---|---------------|---------------|
| Purchase of Fixed Assets                      |               |               |
| - Subsidiary Company                          |               |               |
| - GCCL  | 44,255,837    | -             |
| - Fellow subsidiary                           |               |               |
| - GMRPPL                                      | 118,558,050   | -             |
| Purchase of long term investments from        |               |               |
| - Holding Company                             |               |               |
| - GHPL  | 104,130       | 250,000       |
| - Subsidiary Company                          |               |               |
| - GAHL  | 67,498,650    | -             |
| - Fellow subsidiaries                         |               |               |
| - ISL   | 39,975,890    | -             |
| - REPL  | 31,499,990    | -             |
| - GREPL                                       | 31,499,990    | -             |
| -Key Management Personnel                     |               |               |
| - Mr. Srinivas Bommidala                      | 50,000        | -             |
| - Mr. O. Bangaru Raju                         | 24,000        | -             |
| Investment in Equity shares                   |               |               |
| - Subsidiary Companies (Refer Note (c) below) |               |               |
| - GAHL  | -             | 2,805,000,000 |
| - GKSEZL                                      | -             | 1,174,500,000 |
| - GJEPL                                       | -             | 519,518,250   |
| - GPEL  | -             | 608,580,000   |
| - GUEPL                                       | -             | 876,487,500   |
| - DIAL  | -             | 1,555,000,000 |
| - GAPL  | -             | 664,400,000   |
| - GIML  | 3,109,355,000 | 7,175,661,461 |
| - GSPHPL                                      | 400,000       | 99,990        |
| - GEML  | -             | 202           |
| - GHIAL                                       | -             | 2,381,030,000 |
| - GMRHL                                       | 158,500,000   | 19,500,000    |
| - GH(M)L                                      | -             | 3,924         |
| - GCAPL                                       | 49,900,000    | -             |
| - GEL   | 1,532,802,606 | -             |
| - GETL  | 251,100,000   | -             |
| - DSPL  | 119,049,910   | -             |
| - Joint Venture                               |               |               |
| - ISG   | 1,097,498,370 | 1,350,440,230 |

| Nature of Transaction                            | 2010          | 2009          |
|--|---------------|---------------|
| - Enterprises where significant influence exists |               |               |
| - SGH  | 2,426,410     | 10,317,420    |
| Investment in Preference shares of               |               |               |
| - Subsidiary Companies                           |               |               |
| - GACEPL   | 6,600,000     | -             |
| - GEL  | -             | 6,259,933,750 |
| - GJEPL  | 531,000,000   | -             |
| - GPEL   | 445,000,000   | -             |
| - GUEPL  | 1,000,200,000 | -             |
| - GMRHL  | 3,436,400,000 | -             |
| Investment in Debentures                         |               |               |
| - Subsidiary Company                             |               |               |
| - GKSEZL   | 2,000,000,000 | -             |
| Sale of Investments long term                    |               |               |
| - Holding Company                                |               |               |
| - GHPL   | 330           | -             |
| - Subsidiary Companies                           |               |               |
| - GMRHL  | 2,432,834,830 | -             |
| - GEL  | 1,000         | -             |
| -Key Management Personnel and their relatives    |               |               |
| - Mr.Srinivas Bommidala                          | 330           | -             |
| - Mr. G.B.S. Raju                                | 330           | -             |
| - Mrs. G. Varalakshmi                            | 330           | -             |
| - Mr. Kiran Kumar Grandhi                        | 330           | -             |
| Loans repaid by                                  |               |               |
| - Subsidiary Companies                           |               |               |
| - GAHL   | -             | 118,895,000   |
| - GTAEPL   | -             | 324,860,000   |
| - DAPL   | -             | 4,000,000     |
| - GTTEPL   | -             | 415,140,000   |
| Equity share application money invested in       |               |               |
| - Subsidiary Companies                           |               |               |
| - GACEPL   | -             | 1,055,387,600 |
| - GJEPL  | -             | 569,518,250   |
| - GPEL   | -             | 518,580,000   |
| - GUEPL  | -             | 876,487,500   |
| - DIAL   | 487,500,000   | 3,732,000,000 |



## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

| Nature of Transaction                            | 2010          | 2009          | Nature of Transaction   | 2010            | 2009            |
|--|---------------|---------------|---|-----------------|-----------------|
| - GAHL   | 150,000,000   | 2,680,000,000 | - GIML  | 1,515,957,500   | 505,800,000     |
| - GAPL   | 122,150,000   | 1,815,250,000 | - GHIAL   | -               | 1,531,000       |
| - GKSEZL   | 1,550,037,000 | 1,989,660,000 | - GKSEZL  | 182,500,000     | -               |
| - GFIAPL   | -             | 400,000       | - GSPHPL  | 10              | -               |
| - GSPHPL   | 400,000       | -             | - GCAPL   | 75,300,000      | -               |
| - GIML   | 9,120,162,500 | 7,640,695,000 | - GKEL  | 7,375,754       | -               |
| - GMRHL  | -             | 165,000,000   | - DSPL  | 373,000,090     | -               |
| - GEML   | -             | 202           | - Joint Venture   | -               | -               |
| - GH(M)L   | -             | 3,924         | - ISG   | -               | 23,071,786      |
| - GHVEPL   | 63,300,000    | -             | Refund of preference share application money Subsidiary Company | -               | -               |
| - GCORRPL  | 208,500,000   | -             | - GPEL  | 100,000,000     | -               |
| - GCAPL  | 235,466,139   | -             | Loans given   | -               | -               |
| - GKEL   | 7,375,754     | -             | - Subsidiary Companies  | -               | -               |
| - DSPL   | 492,050,000   | -             | - GEL   | 8,000,000,000   | -               |
| - GETL   | 251,100,000   | -             | - DAPL  | -               | 4,000,000       |
| - Joint Venture                                  | -             | -             | - GMRHL   | 2,000,000,000   | -               |
| - ISG  | 1,097,498,370 | 1,373,512,016 | Managerial Remuneration to                                      | -               | -               |
| - Enterprises where significant influence exists | -             | -             | - Key management personnel (Refer Note 18)                      | -               | -               |
| - SGH  | 2,426,410     | 10,317,420    | - Mr. G.M. Rao  | 7,385,841       | 51,994,494      |
| Preference share application money invested in   | -             | -             | - Mr. G.B.S. Raju   | 4,432,000       | 31,196,696      |
| - Subsidiary Companies                           | -             | -             | Balances Payable / (Recoverable)                                | -               | -               |
| - GEL  | 1,501,000,000 | 6,269,933,750 | - Holding Company   | -               | -               |
| - GACEPL   | 6,600,000     | -             | - GHPL  | 5,420,184       | 4,776,000       |
| - GJEPL  | 531,000,000   | -             | - Subsidiary Companies  | -               | -               |
| - GPEL   | 545,000,000   | -             | - GEL   | 7,998,695,053   | (510,000,003)   |
| - GUEPL  | 1,000,200,000 | -             | - GAHL  | -               | (27,280,000)    |
| - GMRHL  | 3,436,400,000 | -             | - GHIAL   | 32,569          | -               |
| Refund of share application money received       | -             | -             | - GAPL  | (627,642,500)   | (994,842,500)   |
| - Subsidiary Companies                           | -             | -             | - GKSEZL  | (640,977,479)   | (1,270,235,000) |
| - GEL  | 478,197,397   | -             | - GJEPL   | 96,900          | -               |
| - GACEPL   | -             | 1,126,604,400 | - GPEL  | 352,467         | -               |
| - GAPL   | 489,350,000   | 555,187,500   | - DIAL  | (4,374,968,630) | (3,887,500,000) |
| - GFIAPL   | -             | 425,000       | - GMRHL   | (2,023,079,452) | (158,500,000)   |
| - GAHL   | 177,280,000   | 4,394,720,000 | - GIML  | (4,494,850,000) | -               |
| - GUEPL  | -             | 100,000,000   | - GCCL  | -               | (280,800,000)   |
| - GJEPL  | -             | 320,000,000   | - GCAPL   | (78,669,457)    | (47,800,000)    |
| - GMRHL  | -             | 1,000,000     | - GHVEPL  | (85,800,447)    | -               |

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

| Nature of Transaction                            | 2010          | 2009 |
|--|---------------|------|
| - GCORRPL  | (226,497,651) | -    |
| - GSPHPL   | -             | (10) |
| - VPGL   | (801,724)     | -    |
| - Fellow Subsidiaries                            |               |      |
| - RSSL   | 4,546,852     | -    |
| - GBPPL  | (8,982,000)   | -    |
| - GMRPPL   | 117,576,389   | -    |
| -Enterprises where significant influences exists |               |      |
| - GIOSL  | (3,741,768)   | -    |

| Nature of Transaction        | 2010        | 2009       |
|------------------------------|-------------|------------|
| - Key Management Personnel   |             |            |
| - Mr. G.M.Rao*               | (7,761,000) | 15,093,265 |
| - Mr. G.B.S. Raju*           | (4,528,000) | 7,049,145  |
| *(Refer Note on Schedule 11) |             |            |

#### Notes:

- The Company has provided securities by way of pledge of investments for loans taken by certain companies.
- The holding company has pledged certain shares held in the Company and other bodies corporate as security towards the borrowings of the Company.
- Includes allotment of equity shares out of Share Application money paid in earlier years.

11. Balances of companies under the same management included in Sundry debtors and Loans and advances.

#### (i) Sundry debtors

(Amount in Rupees)

| Name of the Company | 2010            |                     | 2009            |                     |
|---------------------|-----------------|---------------------|-----------------|---------------------|
|                     | Closing Balance | Maximum Outstanding | Closing Balance | Maximum Outstanding |
| VPGL                | 801,724         | 27,500,000          | -               | -                   |
| GEL                 | 695,053         | 1,712,191           | -               | -                   |
| GCORRPL             | 17,997,651      | 17,997,651          | -               | -                   |
| GHVEPL              | 27,000,447      | 27,000,447          | -               | -                   |

#### (ii) Loans and Advances

(Amount in Rupees)

| Name of the Company | 2010            |                     | 2009            |                     |
|---------------------|-----------------|---------------------|-----------------|---------------------|
|                     | Closing Balance | Maximum Outstanding | Closing Balance | Maximum Outstanding |
| GCAPL               | 110,266,139     | 171,860,000         | -               | -                   |
| GAPL                | 627,642,500     | 975,942,500         | 994,842,500     | 1,680,880,000       |
| GKSEZL              | 637,772,000     | 2,637,772,000       | 1,270,235,000   | 2,444,735,000       |
| DIAL                | 4,375,000,000   | 4,375,000,000       | 3,887,500,000   | 5,442,500,000       |
| GHVEPL              | 63,300,000      | 63,300,000          | -               | -                   |
| GCORRPL             | 208,500,000     | 208,500,000         | -               | -                   |
| GIML                | 4,494,850,000   | 4,678,990,000       | -               | -                   |
| GEL                 | 8,000,000,000   | 8,136,767,123       | 510,000,003     | 5,254,933,753       |
| GSPHPL              | -               | -                   | 10              | 199,990             |
| GAHL                | -               | -                   | 27,280,000      | 4,432,300,000       |
| GMRHL               | 2,000,000,000   | 2,025,643,836       | 158,500,000     | 178,250             |
| GIOSL               | 3,741,768       | 59,986,040          | -               | -                   |
| GBPPL               | 9,000,000       | 9,000,000           | -               | -                   |

12. The Company has entered into certain operating lease agreements and an amount of Rs. 17,869,727 (2009: Rs. Nil) paid during the year under such agreements has been disclosed as lease rent and hire charges under Schedule 16. These agreements are cancellable in nature.

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

#### 13. Earnings Per Share (EPS)

Calculation of EPS – (Basic and Diluted)

| Particulars   | Year ended March 31 |               |
|---|---------------------|---------------|
|   | 2010                | 2009          |
| Nominal value of equity shares (Re. per share) [Refer note (iii) below]     | 1                   | 1             |
| Weighted average number of equity shares outstanding at the end of the year | 3,661,715,973       | 3,641,299,958 |
| Net profit after tax for the purpose of EPS (Rs.)                           | 134,522,223         | 976,733,324   |
| EPS – Basic and Diluted (Rs.)   | 0.04                | 0.27          |

Note:

- Rs. 2,750 (2009: Rs. 2,750) are receivable towards equity shares and for the computation of weighted average number of equity shares outstanding at the end of the year, these have been considered as partly paid-up shares.
- The Company does not have any dilutive securities.
- Consequent to the approval of the shareholders in their Annual General Meeting held on August 31, 2009, the Board of Directors had fixed record date October 5, 2009 for sub-division of Equity Shares of the Company of Rs. 2 each into 2 Equity Shares of Re. 1 each. Weighted average number of shares used in computing the Earnings Per Share is based on a face value of Re.1 per share.

#### 14. Deferred tax asset (net) comprises of:

(Amount in Rupees)

| Sl. No | Particulars             | 2010               |                        | 2009               |                        |
|--------|-------------------------|--------------------|------------------------|--------------------|------------------------|
|        |                         | Deferred tax asset | Deferred tax liability | Deferred tax asset | Deferred tax liability |
| 1      | Depreciation            | -                  | 11,606,304             | -                  | 874,643                |
| 2      | Preliminary expenses    | -                  | -                      | 4,082              | -                      |
| 3      | Other 43B disallowances | 11,908,219         | -                      | 3,027,019          | -                      |
|        | Total                   | 11,908,219         | 11,606,304             | 3,031,101          | 874,643                |
|        | Deferred tax asset      | 301,915            | -                      | 2,156,458          | -                      |

#### 15. Information on Joint Ventures as per Accounting Standard – 27

The Company's interests in the below mentioned joint ventures are reported as Long Term Investments (Schedule 6) and stated at Cost. However, the Company's share of each of the assets, liabilities, income and expenses etc., related to its interests in these joint ventures, based on the audited financial statements are:

(Amount in Rupees)

| Particulars  | Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim Ve Isletme Anonim Sirketi (ISG) |                |
|--|--|----------------|
|  | (Refer Note (b) below)   |                |
|  | 2010   | 2009           |
| (1) Share in ownership and voting power of the company   | 35.00%   | 35.00%         |
| (2) Country of incorporation   | Turkey   | Turkey         |
| (3) Contingent liabilities - Company has incurred in relation to Joint Venture   | 10,004,888,750   | 22,673,300,000 |
| (4) Company's share of contingent liabilities of joint venture<br>-Claims against the company not acknowledged as debt | 10,578,750   | -              |
| (5) Company's share of capital commitments of the joint venture  | -  | 1,825,084,394  |
| (6) Aggregate amount of company's share in each of the following:  |  |                |
| (a) Current Assets   | 2,285,823,885  | 2,706,561,823  |
| (b) Fixed Assets (including Capital work in progress and pre – operative expenditure, pending allocation)              | 8,632,578,638  | 4,834,102,407  |

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

| Particulars   | Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Yapım Ve İşletme Anonim Şirketi (ISG) |               |
|---|--|---------------|
|   | (Refer Note (b) below)   |               |
|   | 2010   | 2009          |
| (c) Investments   | 26,172,910   | 23,570,764    |
| (d) Deferred Tax Asset /(Liability)                     | 139,835,700  | 56,845,458    |
| (e) Current Liabilities and Provisions                  | 2,217,387,095  | 1,519,923,525 |
| (f) Borrowings  | 7,152,546,352  | 4,776,778,643 |
| (g) Income  |  |               |
| 1. Sales  | 3,282,555,073  | 2,350,546,002 |
| 2. Other Income   | 684,313  | 684,180       |
| (h) Expenses  |  |               |
| 1. Operating Expenses                                   | 2,418,338,545  | 1,927,699,956 |
| 2. Administration and Other expenses                    | 299,021,184  | 398,424,195   |
| 3. Depreciation   | 727,410,183  | 345,138,318   |
| 4. Interest and Finance Charges                         | 445,393,375  | 12,240,117    |
| 5. Provision for Taxation (including Deferred Taxation) | (97,644,386)   | (53,425,087)  |

#### Notes:

- (a) Disclosure of financial data as per Accounting Standard – 27 'Financial Reporting of Interest in the joint venture has been done based on the audited financial statements of ISG for the year ended March 31, 2010.
- (b) The Company directly holds 35% of the equity shares of ISG and 5% of the equity shares through its subsidiary companies.

#### 16. Details of Investments - other than trade purchased and sold during the year ended March 31, 2010

| Particulars  | Purchased     |                    | Sold          |                    |
|--|---------------|--------------------|---------------|--------------------|
|  | No. of Units  | Amount (in Rupees) | No. of Units  | Amount (in Rupees) |
| Mutual Funds, Unquoted   |               |                    |               |                    |
| Birla Sun Life Cash Plus – Institutional Premium - Daily Dividend – Reinvestment | -             | -                  | -             | -                  |
|  | (108,139,129) | (1,083,500,000)    | (108,556,696) | (1,087,683,816)    |
| Birla Sunlife Liquid Plus - Institutional - Daily Dividend – Reinvestment        | -             | -                  | -             | -                  |
|  | (209,805,573) | (2,099,482,410)    | (214,740,437) | (2,148,864,594)    |
| Birla Sunlife Cash Manager Institutional Growth                                  | 11,940,884    | 176,300,000        | 11,940,884    | 176,530,459        |
|  | -             | -                  | -             | -                  |
| Birla Sunlife Cash Plus Institutional Premium Growth                             | 757,506,778   | 10,991,355,998     | 757,506,778   | 11,002,394,753     |
|  | -             | -                  | -             | -                  |
| Birla Sun Life Savings Fund - Institutional - Growth                             | 575,466,311   | 9,908,332,726      | 575,466,311   | 9,926,972,586      |
|  | -             | -                  | -             | -                  |
| Birla Sun Life Short Term Fund - Institutional Growth                            | 278,197,650   | 3,000,000,000      | 278,197,650   | 3,001,557,907      |
|  | -             | -                  | -             | -                  |
| DWS Insta Cash Plus Fund Super Institutional Plan Daily Dividend                 | -             | -                  | -             | -                  |
|  | (79,405,610)  | (795,644,215)      | (79,916,722)  | (800,765,557)      |
| DWS Fixed Term Fund Series 58 – Institutional Dividend                           | -             | -                  | -             | -                  |
|  | (50,000,000)  | (500,000,000)      | (50,000,000)  | (511,056,289)      |
| DWS Fixed Term Fund Series 51 – Institutional Growth                             | -             | -                  | -             | -                  |
|  | (25,000,000)  | (250,000,000)      | (25,000,000)  | (249,422,500)      |

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

| Particulars   | Purchased          |                       | Sold               |                       |
|---|--------------------|-----------------------|--------------------|-----------------------|
|   | No. of Units       | Amount<br>(in Rupees) | No. of Units       | Amount<br>(in Rupees) |
| G 50 Grindlays – Floating Rate Fund – LT – Institutional Plan B – Daily Dividend                        | -<br>(105,862,654) | -<br>(1,059,208,784)  | -<br>(108,437,182) | -<br>(1,084,968,227)  |
| HDFC Liquid Fund Premium Plan - Dividend - Daily Reinvestment   | -<br>(65,775,951)  | -<br>(806,400,000)    | -<br>(65,790,554)  | -<br>(806,579,026)    |
| HDFC Floating Rate Income Fund – Dividend Reinvest – Daily  | -<br>(80,010,617)  | -<br>(806,579,026)    | -<br>(83,996,937)  | -<br>(846,764,721)    |
| HDFC Liquid Fund Premium Plan Growth  | 622,851,769<br>-   | 11,324,930,456<br>-   | 622,851,769<br>-   | 11,341,206,856<br>-   |
| HDFC Cash Management Fund - Savings Plan - Growth   | 4,406,287<br>-     | 83,000,000<br>-       | 4,406,287<br>-     | 83,052,168<br>-       |
| HDFC Cash Management Fund - TRA - Wholesale Plan Growth   | 544,196,117<br>-   | 10,802,262,035<br>-   | 544,196,117<br>-   | 10,817,638,827<br>-   |
| HSBC Cash Fund- Institutional Plus - Daily Dividend   | -<br>(161,759,415) | -<br>(1,618,500,000)  | -<br>(161,788,801) | -<br>(1,618,794,030)  |
| HSBC Liquid Plus - Institutional Plus – Daily Dividend  | -<br>(28,818,724)  | -<br>(288,550,359)    | -<br>(31,236,394)  | -<br>(312,757,518)    |
| HSBC Fixed Term Series 53 Institutional Growth  | -<br>(35,000,000)  | -<br>(350,000,000)    | -<br>(35,000,000)  | -<br>(350,756,000)    |
| HSBC Floating Rate - LT - Institutional Daily Dividend  | -<br>(92,872,899)  | -<br>(930,177,810)    | -<br>(93,125,810)  | -<br>(932,710,858)    |
| HSBC Interval Fund - Plan2 - Institutional Dividend   | -<br>(49,999,500)  | -<br>(500,000,000)    | -<br>(49,999,500)  | -<br>(500,809,992)    |
| ICICI Prudential Institutional Liquid Plan - Super Institutional Growth                                 | 528,500,639<br>-   | 7,009,280,763<br>-    | 528,500,639<br>-   | 7,040,014,310<br>-    |
| ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend - Reinvestment Dividend | -<br>(700,886,891) | -<br>(7,009,219,358)  | -<br>(721,028,067) | -<br>(7,210,641,162)  |
| ICICI Flexible Income Plan Dividend – Daily - Reinvestment Dividend                                     | -<br>(10,876,247)  | -<br>(115,000,000)    | -<br>(11,176,523)  | -<br>(118,174,960)    |
| ICICI Prudential Liquid Super Institutional Plan – Growth   | 50,918,510<br>-    | 6,908,800,000<br>-    | 50,918,510<br>-    | 6,909,987,743<br>-    |
| ICICI Prudential Institutional Liquid Plan Super Institutional Growth - FV100                           | 85,772,428<br>-    | 11,502,396,602<br>-   | 85,772,428<br>-    | 11,506,631,915<br>-   |
| ICICI Prudential Flexible Income Plan Premium – Growth  | 77,180,407<br>-    | 13,083,690,492<br>-   | 77,180,407<br>-    | 13,140,539,933<br>-   |
| FRDD ICICI Prudential Floating Rate Plan D -Daily Dividend - Reinvest Dividend                          | -<br>(671,525,292) | -<br>(6,716,663,128)  | -<br>(677,940,656) | -<br>(6,780,830,240)  |
| ICICI Prudential FMP Series 44 - 3Months Plan C Retail Dividend- Pay Dividend                           | -<br>(48,500,000)  | -<br>(485,000,000)    | -<br>(48,500,000)  | -<br>(493,909,450)    |

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

| Particulars   | Purchased          |                       | Sold               |                       |
|---|--------------------|-----------------------|--------------------|-----------------------|
|   | No. of Units       | Amount<br>(in Rupees) | No. of Units       | Amount<br>(in Rupees) |
| ICICI Prudential FMP Series 47 - 3Months Plan B Retail Dividend- Pay Dividend                         | -<br>(75,000,000)  | -<br>(750,000,000)    | -<br>(75,000,000)  | -<br>(766,462,500)    |
| ICICI Prudential Interval Fund II Quarterly Interval Plan B - Retail Dividend- Reinvest Dividend      | -<br>(49,946,058)  | -<br>(500,000,000)    | -<br>(51,001,777)  | -<br>(510,568,586)    |
| ICICI Prudential Interval Fund II Quarterly Interval Plan D - Retail Dividend- Reinvest Dividend      | -<br>(77,000,000)  | -<br>(770,000,000)    | -<br>(78,395,240)  | -<br>(784,154,517)    |
| ICICI Prudential FMP Series 47 - Three Months Plan C Retail Dividend- Pay Dividend                    | -<br>(46,500,000)  | -<br>(465,000,000)    | -<br>(46,500,000)  | -<br>(475,304,400)    |
| IDFC Money Manager Fund Treasury Plan Super Institutional Plan C Growth                               | 244,531,707<br>-   | 2,660,666,181<br>-    | 244,531,707<br>-   | 2,666,770,070<br>-    |
| IDFC Cash Fund - Super Institutional Plan C-Growth  | 496,234,664<br>-   | 5,544,000,000<br>-    | 496,234,664<br>-   | 5,545,359,746<br>-    |
| IDFC Fixed Maturity Plan - Quarterly Series 39 – Dividend   | -<br>(125,000,000) | -<br>(1,250,000,000)  | -<br>(127,731,550) | -<br>(1,277,762,558)  |
| ING Liquid Fund Super Institutional - Daily Dividend Option   | -<br>(176,285,383) | -<br>(1,763,700,000)  | -<br>(179,683,588) | -<br>(1,797,698,358)  |
| ING Liquid Plus Fund - Institutional Daily Dividend   | -<br>(337,370,226) | -<br>(3,374,815,579)  | -<br>(343,239,924) | -<br>(3,433,531,925)  |
| ING Fixed Maturity Fund - 47 Institutional Growth   | -<br>(20,000,000)  | -<br>(200,000,000)    | -<br>(20,000,000)  | -<br>(197,400,000)    |
| ING Fixed Maturity Fund - 46 Institutional Dividend   | -<br>(20,000,000)  | -<br>(200,000,000)    | -<br>(20,000,000)  | -<br>(203,730,637)    |
| JM High Liquidity Fund - Super Institutional Plan - Daily Dividend (92)                               | -<br>(100,989,622) | -<br>(1,011,562,545)  | -<br>(101,707,900) | -<br>(1,018,814,003)  |
| JM Interval Fund - Quarterly Plan 6 - Institutional Dividend Plan (307)                               | -<br>(50,000,000)  | -<br>(500,000,000)    | -<br>(51,114,430)  | -<br>(511,261,393)    |
| Kotak - Flexi Debt Scheme - Daily Dividend  | -<br>(79,771,983)  | -<br>(800,200,741)    | -<br>(82,140,003)  | -<br>(823,954,584)    |
| Kotak Flexi Debt Scheme Institutional - Daily Dividend  | -<br>(183,847,954) | -<br>(1,847,212,312)  | -<br>(186,026,769) | -<br>(1,869,103,958)  |
| Kotak Liquid (Institutional Premium) - Daily Dividend   | -<br>(76,348,738)  | -<br>(933,600,000)    | -<br>(76,386,409)  | -<br>(934,060,646)    |
| Kotak Quarterly Interval Plan Series 3 – Dividend   | -<br>(100,000,000) | -<br>(1,000,000,000)  | -<br>(102,226,300) | -<br>(1,022,262,996)  |
| Kotak Quarterly Interval Plan Series 8 – Dividend   | -<br>(50,000,000)  | -<br>(500,000,000)    | -<br>(50,000,000)  | -<br>(497,455,000)    |
| LIC MF Interval Fund - Series 1 - Monthly Dividend Plan   | -<br>(60,000,000)  | -<br>(600,000,000)    | -<br>(60,388,880)  | -<br>(603,888,799)    |
| Principal Cash Management Fund Liquid Option Institutional Premium Plan - Dividend Reinvestment Daily | -<br>(49,996,500)  | -<br>(500,000,000)    | -<br>(50,004,838)  | -<br>(500,083,388)    |

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

| Particulars  | Purchased     |                         | Sold          |                         |
|--|---------------|-------------------------|---------------|-------------------------|
|  | No. of Units  | Amount<br>(in Rupees)   | No. of Units  | Amount<br>(in Rupees)   |
| Principal Floating Rate Fund FMP Institutional Option - Dividend Reinvestment Daily                | -             | -                       | -             | -                       |
|  | (49,946,904)  | (500,083,388)           | (52,828,037)  | (528,930,146)           |
| Reliance Liquid Fund - Cash Plan - Daily Dividend Option   | -             | -                       | -             | -                       |
|  | (4,487,726)   | (50,000,000)            | (4,500,360)   | (50,140,759)            |
| Reliance Liquidity Fund - Daily Dividend Reinvestment Option                                       | -             | -                       | -             | -                       |
|  | (171,696,774) | (1,717,500,000)         | (171,756,631) | (1,718,098,750)         |
| Reliance Liquid Plus Fund – Institutional Option - Daily Dividend Plan                             | -             | -                       | -             | -                       |
|  | (1,627,328)   | (1,629,177,777)         | (1,665,541)   | (1,667,434,483)         |
| Reliance Medium Term Fund - Daily Dividend Plan  | -             | -                       | -             | -                       |
|  | (34,969,472)  | (597,820,606)           | (35,041,256)  | (598,519,501)           |
| SBI Debt Fund Series - 180Days- 8- Dividend  | -             | -                       | -             | -                       |
|  | (100,000,000) | (1,000,000,000)         | (100,000,000) | (1,022,160,000)         |
| Stan Chart Liquidity Manager – Plus - Daily Dividend   | -             | -                       | -             | -                       |
|  | (1,058,778)   | (1,059,000,000)         | (1,058,986)   | (1,059,208,784)         |
| TDAD TATA Dynamic Bond Fund Option A – Dividend  | -             | -                       | -             | -                       |
|  | (95,478,869)  | (1,007,445,291)         | (96,059,365)  | (1,014,338,866)         |
| TDBD TATA Dynamic Bond Fund Option B – Dividend  | -             | -                       | -             | -                       |
|  | (98,910,675)  | (1,014,338,866)         | (100,066,357) | (1,027,995,748)         |
| TATA Liquid Super High Investment Fund - Daily Dividend  | -             | -                       | -             | -                       |
|  | (717,798)     | (800,000,000)           | (718,154)     | (800,397,375)           |
| TATA Floater Fund - Daily Dividend   | -             | -                       | -             | -                       |
|  | (206,854,871) | (2,075,912,746)         | (213,895,742) | (2,146,572,109)         |
| Templeton India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment | -             | -                       | -             | -                       |
|  | (299,798)     | (300,000,000)           | (306,716)     | (306,922,444)           |
| UTI Treasury Advantage Fund - Institutional Plan - Growth  | 237,725       | 291,528,998             | 237,725       | 293,156,513             |
|  | -             | -                       | -             | -                       |
| UTI Liquid Cash Plan Institutional - Growth Option   | 2,027,522     | 2,985,315,109           | 2,027,522     | 2,990,398,173           |
|  | -             | -                       | -             | -                       |
| UTI - Liquid Plus Fund Institutional Plan (Daily Dividend Option ) - Reinvestment                  | -             | -                       | -             | -                       |
|  | (3,264,499)   | (3,265,197,390)         | (3,285,743)   | (3,286,446,029)         |
| UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment                            | -             | -                       | -             | -                       |
|  | (490,463)     | (500,000,000)           | (537,211)     | (547,656,568)           |
| <b>Total</b>   |               | <b>96,271,859,361</b>   |               | <b>96,442,211,959</b>   |
|  |               | <b>(57,896,492,331)</b> |               | <b>(58,857,808,751)</b> |

Notes: Previous year figures are mentioned in brackets.

17. There are no micro and small enterprises, to which the company owes dues, or with which the Company had transactions during the year, based on the information available with the Company, which has been relied upon by the Auditors.

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

#### 18. Managerial Remuneration

(Amount in Rupees)

| Particulars |  | 2010       | 2009       |
|-------------|--|------------|------------|
| a.          | Salaries                                   | 9,511,000  | 56,100,000 |
| b.          | Perquisites and other allowances           | 98,841     | 460,780    |
| c.          | Contributions to provident and other funds | 2,208,000  | 4,488,000  |
| d.          | Sitting Fee                                | 1,450,000  | 1,080,000  |
| e.          | Commission                                 | -          | 22,142,410 |
|             | Total                                      | 13,267,841 | 84,271,190 |

Note: The above figures do not include provision for gratuity, superannuation and premium for personal accidental policy, as the same are determined for the Company as a whole.

#### 19. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956

(Amount in Rupees)

| Particulars  | Year Ended  |               |
|--|-------------|---------------|
|  | 2010        | 2009          |
| Profit after tax   | 134,522,223 | 976,733,324   |
| Add:   |             |               |
| Managerial remuneration  | 13,267,841  | 84,271,190    |
| Provision for taxation   | 1,854,543   | 63,156,548    |
| Depreciation as per Profit and Loss Account                          | 9,362,939   | 1,085,519     |
| Less:  |             |               |
| Depreciation as per section 350 of the Companies Act, 1956           | 9,362,939   | 1,085,519     |
| Net Profit in accordance with Section 349 of the Companies Act, 1956 | 149,644,607 | 1,124,161,062 |
| Total remuneration including commission thereon                      |             |               |
| Executive Chairman @ 5%  | 7,482,230   | 56,208,053    |
| Managing Director @ 3%   | 4,483,338   | 33,724,832    |
| Total remuneration including commission paid to                      |             |               |
| Executive Chairman   | 7,385,841   | 51,994,494    |
| Managing Director  | 4,432,000   | 31,196,696    |
| Commission payable for the year                                      |             |               |
| Executive Chairman   | -           | 15,093,265    |
| Managing Director  | -           | 7,049,145     |

Notes: The difference of Rs. 12,289,000, between the amount of managerial remuneration initially paid and the amount finally computed as above u/s 349 of the Companies Act 1956 after finalization of the accounts, is held in trust by the Directors and is shown as recoverable under 'Loans and Advances - Schedule 11'.

#### 20. Disclosure in terms of Accounting Standards 7 - Construction contracts

(Amount in Rupees)

| Sl. No. | Particulars  | 2010        | 2009 |
|---------|--|-------------|------|
| 1       | Contract revenue recognised during year  | 683,611,256 | -    |
| 2       | Aggregate cost incurred and recognised profits (less recognised losses) up to the reporting date | 810,419,845 | -    |
| 3       | Amount of customer advances outstanding for contracts in progress                                | 150,000,000 | -    |
| 4       | Retention money due from customers for contracts in progress                                     | -           | -    |



## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

21. Additional information pursuant to paragraph 3, 4, 4A, 4B, 4C and 4D of part II of Schedule VI of the Companies Act, 1956.

#### a) Remuneration to Auditors\*

(Amount in Rupees)

| Particulars              | 2010       | 2009      |
|--------------------------|------------|-----------|
| Audit fees               | 2,206,000  | 1,123,600 |
| Tax Audit                | 170,965    | 168,540   |
| Other certification fees | 8,021,568  | 2,941,585 |
| Out of Pocket Expenses   | 222,234    | 50,205    |
| Total                    | 10,620,767 | 4,283,930 |

\* Includes service tax

#### b) Expenditure in Foreign Currency (on payment basis)

(Amount in Rupees)

| Particulars                          | 2010       | 2009       |
|--------------------------------------|------------|------------|
| Travelling expenses                  | 5,209,470  | 17,100,136 |
| Professional and Consultancy charges | 11,062,034 | 15,134,011 |
| Others                               | 1,491,836  | 70,041     |
| Total                                | 17,763,340 | 32,304,188 |

22. Information pursuant to paragraphs 3, 4, 4A, 4B, 4C and 4D of part II of Schedule VI of the Companies Act, 1956 to the extent either Nil or Not Applicable has not been furnished

#### 23. Disclosure as per Clause 32 of the listing agreement

Loans and Advances in the nature of Loans to Subsidiaries.

(Amount in Rupees)

| Name of the Subsidiary | Amount Outstanding as at March 31, |      | Maximum amount outstanding during the year |             | Investment by loanee in the Company's Share (Nos) |
|------------------------|------------------------------------|------|--|-------------|---|
|                        | 2010                               | 2009 | 2010                                       | 2009        |   |
| -GEL*^                 | 8,000,000,000                      | -    | 8,136,767,123                              | -           | Nil   |
| -GMRHL*^               | 2,025,643,836                      | -    | 2,025,643,836                              | -           | Nil   |
| -GKSEZL^               | 2,003,561,644                      | -    | 2,003,561,644                              | -           | Nil   |
| -GAHL**                | -                                  | -    | -  | 118,895,000 | Nil   |
| -GTAEPL^               | -                                  | -    | -  | 327,494,481 | Nil   |
| -GTTEPL^               | -                                  | -    | -  | 418,506,615 | Nil   |

\* Loans bear yearly interest rate of 6%.

\*\* Interest free loan payable on call.

^ Includes interest accrued.

24. Pursuant to the Resolutions passed at the Meeting of the Management Committee of the Board of Directors held on April 21, 2010, 225,080,390 equity shares of face value of Re.1 each have been allotted to Qualified Institutional Buyers at a premium of Rs.61.20 per share on April 21, 2010 aggregating to Rs.14,000,000,258.

#### 25. Unhedged foreign currency exposure

| Particulars  | Amount in USD | Amount in INR |
|--|---------------|---------------|
| Advance towards share application money - Receivable | 100,000,000   | 4,494,850,000 |
|  | (-)           | (-)           |

Notes: Previous year figures are mentioned in brackets.

## Notes forming part of Accounts

### Schedule 18 (contd.) | Statement on Significant Accounting Policies and Notes to the Accounts

26. The financial statements as at and for the year ended March 31, 2009 have been audited by Price Waterhouse. The financial statements as at and for the year ended March 31, 2010 have been audited jointly by S.R. Batliboi & Associates and Price Waterhouse.

27. Previous year's figures have been regrouped and reclassified, wherever necessary, to conform to those of the current year.

As per our report of even date

For PRICE WATERHOUSE

Firm Registration Number: 007568S

Chartered Accountants

For and on behalf of the Board of Directors

J Majumdar

Partner

Membership Number: F51912

G.M. Rao

Executive Chairman

Srinivas Bommidala

Managing Director

For S.R. BATLIBOI & ASSOCIATES

Firm Registration Number: 101049W

Chartered Accountants

per Navin Agrawal

Partner

Membership Number: 56102

Subba Rao Amarthaluru

Group CFO

C.P. Sounderarajan

Company Secretary

Place: Bengaluru

Date: May 24, 2010

Place: New Delhi

Date: May 24, 2010

# Cash Flow Statement for the year ended March 31, 2010

(Amount in Rupees)

| Sl. No.   | Particulars   | March 31, 2010          | March 31, 2009        |
|-----------|---|-------------------------|-----------------------|
| <b>A.</b> | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>  |                         |                       |
|           | Net Profit Before Tax   | 136,376,766             | 1,039,889,872         |
|           | Adjustments for :   |                         |                       |
|           | Depreciation  | 9,362,939               | 1,085,519             |
|           | Provision for doubtful advances   | -                       | 60,000,000            |
|           | Provisions/ Liabilities no longer required, written back                                  | (3,035,586)             | -                     |
|           | (Profit)/ Loss on sale of investments (net)   | (170,352,598)           | 36,064,690            |
|           | Fixed assets written off  | -                       | 723,136               |
|           | Loss on sale of fixed assets  | 39,978                  | -                     |
|           | Loss/ (Gain) on foreign exchange fluctuations (net)                                       | 11,881,841              | (53,374,575)          |
|           | Dividend income   | -                       | (1,077,343,110)       |
|           | Interest income   | (466,879,048)           | (514,660,434)         |
|           | Finance charges   | 691,148,979             | 237,924,361           |
|           | <b>Operating Profit Before Working Capital Changes</b>                                    | <b>208,543,271</b>      | <b>(269,690,541)</b>  |
|           | Adjustments for :   |                         |                       |
|           | (Increase)/ Decrease in Inventories   | (126,808,589)           | -                     |
|           | (Increase)/ Decrease in Loans and advances  | 308,864,139             | 146,377,874           |
|           | (Increase)/ Decrease in Sundry debtors  | (373,515,770)           | -                     |
|           | Increase/ (Decrease) in Current liabilities and provisions                                | 461,702,429             | (29,697,538)          |
|           | <b>Cash generated from Operations</b>   | <b>478,785,480</b>      | <b>(153,010,205)</b>  |
|           | Direct taxes paid (net)   | (130,910,347)           | (108,469,759)         |
|           | <b>Net Cash Flow from/(used in) Operating Activities</b>                                  | <b>347,875,133</b>      | <b>(261,479,964)</b>  |
| <b>B.</b> | <b>CASH FLOW FROM INVESTING ACTIVITIES</b>  |                         |                       |
|           | Purchase of fixed assets  | (289,007,185)           | (3,164,530)           |
|           | Proceeds from sale of fixed assets  | 127,927                 | -                     |
|           | Purchase of long term investments (including share application money)                     | (20,513,943,874)        | (21,654,081,405)      |
|           | Proceeds from sale of long term investments (including refund of share application money) | 5,819,916,391           | -                     |
|           | Purchase of investments - short term  | (105,667,765,174)       | (58,857,808,750)      |
|           | Proceeds from sale of investments - short term  | 96,442,211,959          | 91,406,879,461        |
|           | Loan given to subsidiary companies  | (10,000,000,000)        | -                     |
|           | Interest income received  | 496,312,350             | 490,336,710           |
|           | Dividend received   | -                       | 1,084,915,430         |
|           | <b>Net Cash Flow from/ (used in) Investing Activities</b>                                 | <b>(33,712,147,606)</b> | <b>12,467,076,916</b> |
| <b>C.</b> | <b>CASH FLOW FROM FINANCING ACTIVITIES</b>  |                         |                       |
|           | Proceeds from secured loans   | 10,000,000,000          | -                     |
|           | Repayment of secured loans  | (650,000,000)           | (150,000,000)         |
|           | Proceeds from unsecured loans   | 13,000,000,000          | -                     |
|           | Repayment of unsecured loans  | -                       | (100,000,000)         |
|           | Proceeds/ (Repayment) from/ of working capital loan                                       | (803,010,883)           | (338,750,809)         |
|           | Repayment of loan from subsidiary companies   | -                       | 858,895,000           |
|           | Received against calls unpaid   | -                       | 132,240               |
|           | Debenture/ Share issue expenses paid  | (196,240,713)           | (287,782)             |
|           | Financial charges paid  | (620,327,062)           | (237,924,361)         |
|           | <b>Net cash from/ (used in) financing activities</b>                                      | <b>20,730,421,342</b>   | <b>32,064,288</b>     |
|           | <b>Net increase/ (decrease) in Cash and Cash Equivalents</b>                              | <b>(12,633,851,131)</b> | <b>12,237,661,240</b> |
|           | <b>Cash and Cash Equivalents at the beginning of the year</b>                             | <b>13,319,157,676</b>   | <b>1,081,496,436</b>  |
|           | <b>Cash and Cash Equivalents at the end of the year</b>                                   | <b>685,306,545</b>      | <b>13,319,157,676</b> |

## Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements as referred to in section 211(3C) of the Companies Act, 1956.
- Previous year figures have been regrouped and reclassified to conform to those of the current year.
- Cash and Cash Equivalents includes restricted cash and bank balance amounting to Rs. 100,526,322 as at March 31, 2010 (2009: Rs. 735,082,373).

As per our report of even date

For PRICE WATERHOUSE

Firm Registration Number: 007568S

Chartered Accountants

J Majumdar

Partner

Membership Number: F51912

For S.R. BATLIBOI & ASSOCIATES

Firm Registration Number: 101049W

Chartered Accountants

per Navin Agrawal

Partner

Membership Number: 56102

Place: Bengaluru

Date: May 24, 2010

For and on behalf of the Board of Directors

G.M. Rao

Executive Chairman

Srinivas Bommidala

Managing Director

Subba Rao Amarthaluru

Group CFO

C.P. Sounderarajan

Company Secretary

Place: New Delhi

Date: May 24, 2010

## Balance Sheet Abstract

Information pursuant to the Provisions of 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

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

Public Issue:  Rights Issue:

Bonus Issue:  Private Placement:

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

Total Liabilities:  Total Assets:

### Sources of Funds

Paid-up capital:  Reserves & Surplus:

Secured Loans:  Unsecured Loans:

Deferred Tax Liabilities:

### Application of Funds

Net Fixed Assets:  Investments:

Net Current Assets:  Misc. Expenditure:

Accumulated Losses:  Deferred Tax Asset:

### IV. Performance of company (Amount in Rs. Thousands)

Gross Income:  Total Expenditure:

Profit/Loss Before Tax:  Profit/(Loss) After Tax:

Earnings Per Share in Rs.:  Dividend Rate (%):

### V. Generic Names of Three Principal Products / Services of Company (as per Monetary terms)

Infrastructure Development & Contract Business.

Item Code No. (I T C Code)

Product Description