

AUDITOR'S REPORT

TO THE SHARE HOLDERS OF EAST DELHI WASTE PROCESSING COMPANY PRIVATE LIMITED

We have audited the attached Balance Sheet of East Delhi Waste Processing Company Private Limited, as at 31st March 2011, the Profit and Loss Account for the year ended on that date annexed thereto. 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.

1. 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.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to 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 and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



- (v) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 31st March 2011; and
- b. in the case of the Profit and Loss account, of Loss for the year ended on that date;

For M/s Brahmayya & Co.,
Firm Registration No.000515S
Chartered Accountants



(G. Srinivas)
Partner

Membership No. 086761



Place: Bangalore
Date: April 29, 2011

ANNEXURE TO AUDITOR'S REPORT

EAST DELHI WASTE PROCESSING COMPANY PRIVATE LIMITED

- (i) (a) As per the information and explanation provided to us the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year as per program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) As per information and explanation provided to us there is no Inventory, hence Clause (ii) of the Para 4 of Companies Auditors Report Order is not applicable.
- (iii) (a) 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 Companies Act, 1956.
- (b) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(b) to (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the order are not applicable to the company for the current year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of goods. There are no continuing failures to correct major weakness has been noticed in the internal controls.
- (v) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act 1956.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees five lakh rupees in respect of each party during the year.
- (vi) During the year the company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion and According to the information and explanation given to us, clause (vii) of paragraph 4 is not applicable to the company.

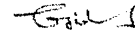


- (viii) The Central Government has not prescribed the maintenance of Cost Records under section 209 (1) d of the Companies Act, 1956.
- (ix) a) According to the information and explanations given to us and records of the company examined by us, in our opinion, the company is generally regular in depositing with appropriate authorities the undisputed statutory dues including, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues to the extent applicable to it. There are no arrears of outstanding statutory dues at 31st March 2011 for a period of more than six months from the date they became payable and there are no employees in the company, hence liability of depositing provident fund and employee state insurance does not arise.
- (b) According to the records of the company, there are no dues in respect of sales tax, income tax, customs duty, wealth tax, excise duty/cess which have not been deposited on account of dispute.
- (x) The company has accumulated losses at the end of the financial year and has incurred cash losses in the current year and has not incurred cash losses in the immediately preceding financial year.
- (xi) According to the records of the company examined by us and the information and explanations given to us the company has not defaulted in repayment of dues to bank. The Company has no dues to Financial Institutions and banks at the Balance Sheet date and the Company has not issued any Debentures.
- (xii) Based on our examination of documents and records, 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 nidhi / mutual benefit fund / societies are not applicable to the Company.
- (xiv) Since the company is not engaged in trading in shares, securities, debentures and other securities, the related reporting requirement does not arise.
- (xv) The company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, and according to the information and explanations given to us, on an overall basis, pending utilisation for the stated purpose, certain loan funds were temporarily invested in short term investments, till the stated end use
- (xvii) On the basis of the 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 investments.



- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year and therefore paragraph 4 (clause xviii) of the order is not applicable.
- (xix) The Company has not issued debentures during the year and therefore paragraph 4 (xix) of the order is not applicable.
- (xx) The company has not raised any money by Public issue during the year and therefore paragraph 4 (xx) of the order is not applicable.
- (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 according to the information and explanations given to us, we have neither come across any instance of the fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For M/s Brahmayya & Co.,
Firm Registration No.000515S
Chartered Accountants



(G. Srinivas)
Partner

Membership No. 086761



Place: Bangalore

Date: April 29, 2011

East Delhi Waste Processing Company Private Limited
Balance Sheet as at March 31, 2011

(Amount in Rupees)

	Schedule Reference	As at March 31, 2011	As at March 31, 2010
I. Sources of Funds			
1. Shareholders' Funds			
a) Capital	1	1,60,000	1,60,000
b) Share Application Money		15,48,40,000	8,29,40,000
2. Secured Loan	1A	0	
Total		15,50,00,000	8,31,00,000
II. Application of Funds			
1. Fixed Assets			
a) Gross Block	2	1,02,167	1,02,167
b) Less : Depreciation		52,539	10,184
c) Net Block		49,628	91,983
2. Investment in Mutual Funds			0
3. Capital work in progress	3	19,94,61,792	9,27,38,918
4. Current Assets, Loans and Advances			
a) Cash and Bank Balances	4	1,854	59,43,095
b) Loans and Advances	5	20,010	85,010
		21,864	60,28,105
Less : Current Liabilities and Provisions Liabilities	6	4,97,93,599	1,60,92,625
		4,97,93,599	1,60,92,625
Net Current Assets		-4,97,71,735	-1,00,64,520
5. Debit balance in Profit and Loss Account		52,60,316	3,33,619
Significant Accounting Policies and Notes to the Accounts			
Total		15,50,00,000	8,31,00,000

0

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

For and on behalf of
M/s Brahmayya & Co
Firm Registration No.000515S
Chartered Accountants

For and on behalf of the Board of Directors

G. Srinivas
Partner
Membership No.086761

Director

Director

Place : Bangalore
Date :

East Delhi Waste Processing Company Private Limited

Profit And Loss Account for the period Ended March 31, 2011

(Amount in Rupees)

Particulars	Schedule Reference	For the period ended March 31, 2011	For the year ended March 31, 2010
I. Income		-	-
II. Expenditure		-	
Administration Cost	7	49,26,697	-
Preliminary expenses		-	-
		49,26,697	-
III. Profit/(Loss) Before Taxation		(49,26,697)	-
Provision for Taxation - Current		-	-
- Fringe Benefit tax		-	-
V. Profit/(Loss) After Taxation		(49,26,697)	-
Balance brought forward from previous period		(3,33,619)	(3,33,619)
VI. Balance carried to Balance Sheet		(52,60,316)	(3,33,619)
Earnings Pershare			
Basic Earings Per Share	8	(307.92)	-
Diluted Earnings Per Share		(307.92)	-

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

For and on behalf of
M/s Brahmayya & Co
Firm Registration No.000515S
Chartered Accountants

For and on behalf of the Board of Directors

G. Srinivas
Partner
Membership No.086761
Place : Bangalore
Date :

Director

Director

East Delhi Waste Processing Company Pvt.Ltd.

Cash flow statement for the year ended March 31, 2011

Particulars	(Amount in Rupees)	
	for the year ended December 31, 2010	for the year ended March 31, 2010
A. CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES		
Net Profit/(Loss) Before Taxation	(49,26,697)	-
Adjustments for :		
Preliminary Expenditure	-	-
	(49,26,697)	-
Adjustments for changes in working capital:		
Changes in Trade and other receivables	65,000	(45,000)
Changes in Trade payables	-	-
Cash generated (Used in) from Operations	(48,61,697)	(45,000)
Taxes paid	-	-
Net Cash Flow (used in)/ from Operating Activities	(48,61,697)	(45,000)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES		
Purchase of fixed asstes (including expenditure during construction pending allocation)	(7,29,79,546)	(1,57,84,036)
Sale Proceeds of Investments	-	-
Purchase of Investments	-	-
Net Cash used in Investing Activities	(7,29,79,546)	(1,57,84,036)
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES		
Proceeds from share application money	7,19,00,000	2,16,36,833
Increase in Share Capital	-	60,000
Bank borrowings	-	-
Net Cash from Financing Activities	7,19,00,000	2,16,96,833
Net Increase in Cash and Cash Equivalents	(59,41,243)	58,67,797
Cash and Cash Equivalents at the beginning of the period	59,43,095	1,63,952
Cash and Cash Equivalents at the end of the year	1,852	59,43,095

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

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

For and on behalf of
M/s Brahmayya & Co
Chartered Accountants

For and on behalf of the Board of Directors

G. Srinivas
Partner

Director

Director

Place : Bangalore
Date :

East Delhi Waste Processing Company Private Limited
Schedules forming part of the Balance Sheet as at March 31, 2011

(Amount in Rupees)

Schedule 1	As at March 31, 2011	As at March 31, 2010
Capital		
Authorised 4,00,00,000 Equity shares of Rs.10 each	40,00,00,000	40,00,00,000
Issued , Subscribed and Paid up 16,000 Equity shares of Rs.10 each fully paid-up (Out of the above 8,160 Equity Shares, fully paid-up, are held by Delhi International Airport Private Limited, the holding company)	1,60,000	1,60,000
Total	1,60,000	1,60,000

Schedule 3	As at March 31, 2011	As at March 31,2010
Capital work in Progress		
Rent	2,97,000	2,64,000
Rates and taxes	18,71,568	39,73,634
Consultancy and other Professional charges	19,07,44,842	8,05,12,589
Printing and Stationary	53,316	52,861
Travelling and Conveyance	22,08,387	21,98,996
Remuneration to Auditors	-	-
Audit fees	-	1,78,947
Office Maintenance Expenses	4,74,261	4,30,235
Communication Expenses	1,56,981	1,28,658
Miscellaneous Expenses	7,32,534	5,75,187
Other Finance Charges	27,02,199	26,35,206
Director Sitting Fees	37,503	11,258
Forex Loss Or Gain	5,237	5,237
FBT Paid	1,08,150	1,08,150
Depreciation Account	52,538	10,184
Business Promotion	17,276	16,53,776
Total	19,94,61,792	9,27,38,918

East Delhi Waste Processing Company Private Limited

Schedules forming part of the Balance Sheet as March 31, 2011

Schedule 2

Fixed Assets

(Amount in Rs)

Description	DEP RATE%	Gross Block			Depreciation				Net Block		
		As at April 1, 2010	Additions	Deletions	As at March 31, 2011	As at April 1, 2010	For the Year	On Deletions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
TANGIBLE ASSETS											
Office Equipments											
Computer	25.00%	78,104	-	-	78,104	9,435	24,642	-	34,077	44,027	68,669
Mobile handset	4.75%	16,550	-	-	16,550	445	16,105	-	16,550	-	16,105
Furniture	18%	7,513	-	-	7,513	305	1,607	-	1,913	5,600	7,208
Total		1,02,167	-	-	1,02,167	10,185	42,354	-	52,540	49,627	91,982

East Delhi Waste Processing Company Private Limited
Schedules forming part of the Balance Sheet as at March 31, 2010

Schedule 4	As at March 31, 2011	As at March 31,2010
Cash and Bank Balances		
Cash on hand	-	-
Balances with Scheduled Banks		
- On current accounts	1,854	59,43,095
Total	1,854	59,43,095

Schedule 5	As at March 31, 2011	As at March 31,2010
Loans and Advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	20,000	85,100
Advance Tax (Net of Provision)	10	10
Total	20,010	85,110

Schedule 6	As at March 31, 2011	As at March 31,2010
Current Liabilities and Provisions		
Liabilities		
Sundry Creditors		
Due to micro enterprises and medium enterprises		-
Due to other than micro enterprises and medium enterprises	4,61,63,625	1,60,92,625
Others Liabilities	36,29,974	-
	4,97,93,599	1,60,92,625
Total	4,97,93,599	1,60,92,625

East Delhi Waste Processing Company Private Limited

Schedules forming part of the Profit and Loss Account
for the year ended as on 31.03.2011

(Amount in Rupees)

Schedule 7	For the Year ended March 31, 2011	For the year ended March 31, 2010
Administration and Other Expenses		
Business Promotion	24,95,000	-
Audit Fee	3,29,697	-
Rates and Taxes	21,02,000	-
Interest on loan	-	-
Miscellaneous Expenses	-	-
Preliminary Expenditure	-	-
Total	49,26,697	-

East Delhi Waste Processing Company Private Limited

SCHEDULE 8

Description of business

East Delhi Waste Processing Company Private Limited (EDWPCL) was incorporated on April 20, 2005 as Subsidiary of Indraprastha Energy and Waste Management Company Ltd. EDWPCL is engaged in developing projects for processing and disposing municipal waste and produce refuse derived fuel, fluff, organic manure, biogas etc. and use such products for generating electricity at Ghazipur site at Delhi. During current year IL&FS Renewable Energy Limited (IREL) has acquired 48.99% from GMR Energy Limited (GEL) and the balance equity is held by Delhi International Airport Private Limited (DIAL) and Selco International Ltd.

Statement on Significant Accounting Policies and Notes to the Accounts

I. Significant Accounting Policies

Basis of Preparation:

The Financial Statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles, and provisions of the Companies Act, 1956, as adopted consistently by the Company. All income and expenditure having a material bearing on the Financial Statements are recognised on an accrual basis.

These financial statements have been drawn up in accordance with the going-concern principle and on a historical cost basis. The presentation and grouping of individual items in the balance sheet and the income statement are based on the principle of materiality

Fixed Assets:

Fixed assets have been stated at cost less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met.

The carrying value of the assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

The asset's residual value, useful life are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation:

During the year the Company has changed its policy of Depreciation on fixed assets from Straight Line Method (SLM) to Written down value (WDV) method as per the rates specified in Schedule XIV to the Companies Act, 1956 except for EDP equipment in which Depreciation has been charged on straight line method so as to write off 100% of the cost over 4 years, which is higher than the rate prescribed in Schedule XIV to the Companies Act, 1956.

Individual asset costing less than Rs.5000 or less each, Mobile phones are written off in the year of capitalization.

Expenditure During Construction Pending Allocation:

East Delhi Waste Processing Company Private Limited

Assets under installation or under construction as at the Balance sheet date are shown as Capital Work in Progress. Expenditure including finance charges directly relating to construction activity is capitalised.

Taxes on Income:

Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws.

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised on timing differences; being the difference between the taxable income and accounting income that originate in one year and are capable of reversal in one or subsequent years. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets arising on unabsorbed depreciation or carry forward of tax losses are recognised to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Where funds are temporarily invested pending their expenditures on the qualifying asset, any such investment income, earned on such fund is deducted from the borrowing cost incurred.

All other borrowing costs are recognized as finance charges in the income statement in the period in which they are incurred.

Earnings per Share

Basic earnings per share are calculated by dividing net profit for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Impairment of Assets:

All fixed assets are assessed for any indication of impairment at the end of each financial year. On any such indication, the impairment loss (being the excess of carrying value over the recoverable value of the asset) is immediately charged to the Profit and Loss Account. The impairment loss recognised in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in the subsequent years.

East Delhi Waste Processing Company Private Limited

Notes to the Accounts

1. Related Party transactions:

a) Names of related parties and description of relationship:

Enterprises that control the Company	IL&FS Renewable Energy Ltd
Enterprises exercising significant influence over the Company	SELCO International Limited , Delhi International Airport Private Limited (DIAL)
Parties under Common Control/Group Companies	GMR Consultancy Services GMR Corporate Affairs GMR Aviation Private Limited GMR Project Private Limited IL&FS Environmental Infrastructure Services ltd IL&FS Urban Infrastructure Services Ltd

b) Summary of transaction with the above related party is as follows:

(Amount in Rupees)

Particulars	As on March 31, 2011		As on March 31, 2010
Share Application Money received pending allotment		-	
DIAL			82,940,000
IL&FS Renewable Energy Ltd	154,840,000		-
Share Application Money Paid back to DIAL	(82,940,000)		
Consultancy Charges Paid to			
GMR Consultancy Services	23,163,000		
GMR Corporate Affairs	11,030,000		
GMR Aviation Private Limited	13,610,804		
GMR Project Private Limited	12,353,600		
IL&FS Environmental Infrastructure Services ltd (IEISL) Capitalised (including Service Tax)	35,830,955		
Amount payable to IEISL (Net of TDS)	45,253,160		
Payable to IUIML (net of TDS)	297,810		

East Delhi Waste Processing Company Private Limited

2. Earning Per Share (EPS)

Particulars	As on March 31,2011	As on March 31,2010
Nominal Value of Equity Shares (Rs. per Share)	10.00	10.00
Profit /(Loss) after Taxation (Rupees in lacs)	(49,26,697)	0.00
Weighted average number of Equity Shares considered for Basic EPS	16,000	16,000
Weighted average number of Equity Shares considered for Diluted EPS	1,11,56,083	72,94,000
EPS – Basic (Rupees)	(307.92)	-
EPS -Diluted (Rupees)	(307.92)	-

Since the company has incurred loss after tax, impact of potential equity shares on account of share application money received pending allotment is anti dilutive in nature and accordingly same has not been considered in calculating Diluted Earnings Per Share.

3. During the Year the Company has changed the Depreciation policy to align with the Depreciation policy of IL&FS. Due the change the depreciation charge to profit and loss account is more by Rs. 28,156/-
4. Additional information pursuant to paras 3, 4, 4A, 4B, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 to the extent "Nil" or "Not Applicable" has not been furnished.
5. Previous period's figures have been regrouped / reclassified wherever necessary to conform to those of the current year.

For and on behalf of

Brahmayya & Co
Firm Registration No.000515S
Chartered Accountants.,

For and on behalf of the Board of Directors

G. Srinivas
Partner
Membership No.086761

Director

Director

Place:
Date: