

Luthra & Luthra

Chartered Accountants

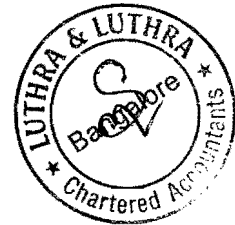
AUDITOR'S REPORT

Auditor's Report to the Members of M/S GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED,

We have audited the attached Balance sheet of **M/s GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED, ("the Company")** having its registered office at **SKIP HOUSE, 25/1 MUSEUM ROAD, BANGALORE - 560 025** as at **31st March 2011** and the Profit and Loss Account for the period 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 statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from the material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amendment Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' (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 enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.



A-16/9, Vasant Vihar, New Delhi - 110057

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Tel & Fax: 080 - 4113 8249

Without qualifying our opinion, we draw attention to Note no 9a in the notes to accounts regarding the Company's decision to file claim (duly substantiated by the legal opinion obtained by the Company), for damages/compensation from NHAI/State Governments for loss of revenue arising as a result of diversion of partial traffic on parallel roads developed subsequent to bidding of the project. Based on the same the Carriageways have been carried at cost less depreciation and impairment on Carriageways has not been considered at this stage.

Further to our comments in the Annexure referred to above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the accounting standards (as applicable) referred to in sub-section (3C) of section 211 of the Act.
- (e) 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 are disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanation given to us, the said financial statements read together with notes thereon gives the information required by the Act and in the manner so required give a true and fair view and is 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;



- (b) in the case of the Profit and Loss Account, of the Loss of the Company for the period 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.

Date: May 17, 2011
Place: Bengaluru

For Luthra & Luthra
Firm Regn. No. 002081N
Chartered Accountants



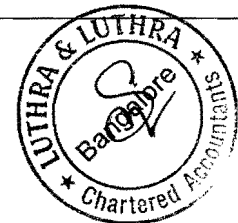
Sneha Kishor
ICAI. M. No. 220480
Partner

ANNEXURE TO AUDITOR'S REPORT

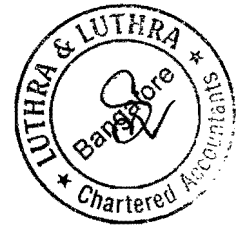
Statement of matters as specified in paragraphs 4 and 5 of Companies (AUDITORS' REPORT)
Order 2003

Para 4

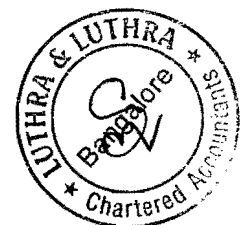
Clause		Particulars
(i)	(a)	The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
	(b)	According to the information and explanation given to us, the management of the Company at reasonable intervals has physically verified the Fixed Assets. The fixed assets 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. According to the information and explanation given to us, the management of the Company had conducted physical verification of fixed assets during the year and the material discrepancies have been properly adjusted in the books of account.
	(c)	As the company has not made any sale or has not otherwise disposed off a substantial part of its fixed assets, reporting under this clause does not arise.
(ii)	(a), (b), & (c)	As the Company is neither Manufacturing Company, nor Trading Company, the question of inventory holding would not arise, hence reporting under this clause of the order does not arise.
(iii)	(a), (b), (c) & (d)	In our opinion and according to the information and explanations given to us, none of the parties that the Company has transacted with are covered under Section 301 of the Companies Act, 1956 hence reporting under these clauses of the Order does not arise.



	(e), (f) & (g)	In our opinion and according to the information and explanations given to us none of the parties that the Company has transacted with are covered under Section 301 of the Companies Act, 1956 hence reporting under these clauses of the Order does not arise.
(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 nature of its business, with regard to purchase of fixed assets and sale of services. Further, on the basis of our examination of our books and records of the Company, and according to the information and explanations given to us, we neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
(v)	(a) & (b)	In our opinion and according to the information and explanations given to us none of the parties that the Company has transacted with are covered under Section 301 of the Companies Act, 1956 hence reporting under these clauses of the Order does not arise.
(vi)		According to the information and explanations given to us, the Company has not accepted any deposits from the Public as defined in section 58A and Section 58AA of the Act, and the rules framed there under.
(vii)		In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.



(viii)		According to the information and explanations given to us, the Central Government has not prescribed maintenance of Cost Records specified under clause (d) of sub-section (1) of Section 209 of the Companies Act to the Company.
(ix)	(a)	According to the information and explanations given to us & the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, Income-tax and other material statutory dues as applicable with the appropriate authorities.
	(b)	According to the information and explanations given to us & the records of the Company examined by us, there are no dues to income tax which have been deposited on account of any dispute. According to the information and explanations given to us & the records of the Company examined by us, sales tax, custom duty, wealth tax, service tax, excise duty/cess are not applicable to the Company for the current reporting period.
(x)		According to the information and explanations given to us & the records of the Company examined by us, the accumulated losses at the end of the financial year are less than fifty percent of its net worth, hence reporting under this clause does not arise. The Company has incurred cash loss of Rs. 12,70,54,479/- for the year ended March 31, 2011 & Rs. 20,69,34,769/- for the year ended March 31, 2010.
(xi)		According to the information and explanations given to us & the records of the Company examined by us, the Company has not defaulted in the repayment of dues to any financial institutions or banks. The Company has neither issued any debenture during the year nor has any debenture outstanding as at the Balance Sheet date.
(xii)		The Company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities and hence reporting under this clause does not arise.



(xiii)	(a), (b), (c) & (d)	The Company is not in the nature of nidhi/ mutual benefit fund/societies and hence reporting under this clause does not arise
(xiv)		The Company is not dealing or trading in shares, securities, debentures and other investments, However, the Company has maintained proper records in respect of investments made and also made entries from time to time, in respect of the investment held by the Company.
(xv)		As per the information and explanation given to us and in our opinion, the Company has not given any guarantee for loans taken by others from bank or financial institutions, and hence reporting under this clause does not arise
(xvi)		According to the information and explanation given to us and records produced before us and in our opinion, the company had taken term loan from banks and financial institutions and applied the same for the purpose for which the loans were obtained.
(xvii)		According to information made available with us and records produced before us, and in opinion on the basis of overall examination of the Balance Sheet of the Company, there are no funds raised on a short term basis & therefore reporting under this clause does not arise.
(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 Act hence the reporting under this clause does not arise.
(xix)		The Company has not issued any debentures and hence reporting under this clause does not arise.
(xx)		The Company has not raised any money by public issues and hence reporting under this clause does not arise



(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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
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**For Luthra & Luthra
Firm Regn No. 002081N
Chartered Accountants**



**Sneha Kini
ICAI M. No. 220480
Partner**

**Date: May 17, 2011
Place: Bengaluru**

Particulars	Sch No	As at March 31, 2011		As at March 31, 2010	
I. Sources of Funds					
1. Shareholders' Funds					
a) Share Capital	1	2,165,884,000		2,165,884,000	
b) Reserves & Surplus		-	2,165,884,000		2,165,884,000
2. Loan Funds					
a) Secured Loans	2	2,805,568,722		2,816,382,740	
b) Unsecured Loans	3	597,194,800	3,402,763,522	227,194,800	3,043,577,540
3. Liability for deferred payment for Grant / Rights			1,013,560,000		1,188,310,000
Total			6,582,207,522		6,397,771,540
II. Application of Funds					
1. Fixed Assets	4				
(a) Gross Block		6,180,880,542		6,180,851,498	
(b) Less : Depreciation		429,297,759		284,425,165	
(c) Net Block		5,751,582,783		5,896,426,333	
(d) Capital Work in Progress		-	5,751,582,783	-	5,896,426,333
2. Investments	5		7,258,412		-
3. Current Assets, Loans and Advances					
(a) Cash and Bank Balances	6	8,663,735		10,315,788	
(b) Other Current Assets	7	20,942		10,602	
(c) Loans and Advances	8	9,842,531		7,221,299	
		18,527,208		17,547,689	
Less : Current Liabilities and Provisions	9				
(a) Liabilities		11,361,189		61,403,047	
(b) Provisions		1,789,916		836,541	
		13,151,105		62,239,588	
Net Current Assets			5,376,103		-44,691,899
5. Profit and Loss Account (Debit Balance)	10		817,990,223		546,037,106
Total			6,582,207,522		6,397,771,540
Statement on Significant Accounting Policies and Notes to Accounts	17				

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

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

For and on behalf of
Luthra & Luthra
Firm Regn No: 002081N
Chartered Accountants

For and on behalf of the Board of Directors

-Sd-
Sneha Kini
Partner
Membership No: 220480

-Sd-
Srinivas Bommidala
Chairman

-Sd-
O Bangaru Raju
Director

Place: Bengaluru
Date: 17-05-2011

GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED
Profit and Loss Account for the Year Ended March 31, 2011

(Amount in ₹)

Particulars	Sch No	For the Year ended March 31, 2011	For the Year ended March 31, 2010
I. Income			
Toll Income	11	217,142,718	186,223,174
Other Income	12	3,230,223	1,055,962
Total Income		220,372,941	187,279,136
II. Expenditure			
Operating & Maintenance Expenses	13	38,757,738	37,194,481
Manpower Costs	14	8,840,381	8,294,631
Administration & Other Expenses	15	10,941,804	27,453,737
Interest & Finance Charges	16	288,839,442	321,271,057
Depreciation		144,908,272	203,617,057
Total Expenditure		492,287,637	597,830,963
III. Profit Before Taxation		(271,914,697)	(410,551,827)
- Current Income Tax		-	-
- Income Tax earlier years		38,420	-
IV. Profit After Taxation		(271,953,117)	(410,551,827)
Surplus/ Deficit brought forward from Previous Year		(546,037,106)	(135,485,280)
V. Available Surplus Carried to Balance Sheet		(817,990,223)	(546,037,106)
Earnings per Share			
Basic & Diluted Earnings Per Share - (in Rs.)		(2.92)	(4.41)
Statement on Significant Accounting Policies and Notes to Accounts	17		

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

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

For and on behalf of
Luthra & Luthra
Firm Regn No: 002081N
Chartered Accountants

For and on behalf of the Board of Directors

-Sd-
Sneha Kini
Partner
Membership No: 220480

-Sd-
Srinivas Bommidala
Chairman

-Sd-
O Bangaru Raju
Director

GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED
Cash Flow Statement for the Year ended March 31, 2011

(Amount in ₹)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax and Extraordinary Items	(271,914,697)	(410,551,826)
	Adjustment for:		
	Depreciation	144,908,273	203,603,880
	Interest Income	(123,092)	(17,583)
	Income from Investments	(960,014)	(772,471)
	Interest and Finance Charges	288,839,442	321,271,057
	Operating Profit Before Working Capital Changes	160,749,912	113,533,056
	Adjustment for:		
	Changes in Trade and Other Receivables	(2,631,572)	9,041,322
	Changes in Trade Payables	(49,088,483)	(50,935,153)
	Cash Generated from Operations	109,029,857	71,639,226
	Income Tax paid	(38,420)	(40,000)
	Net Cash Flow from Operating Activities	108,991,437	71,599,226
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets (Net)	(64,722)	(1,477,949)
	(Purchase) / Sale of Investments (Net)	(7,258,412)	22,817,804
	Income from Investments	960,014	772,471
	Interest received	123,092	17,583
	Net Cash Flow from Investing Activities	(6,240,029)	22,129,910
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Share Capital including Share Application Money	-	1,007,409,200
	Proceeds/ (Repayments) from/ of Secured Loans (net)	(10,814,018)	642,740
	Proceeds/ (Repayments) from/ of Unsecured Loans (net)	370,000,000	(781,085,200)
	Proceeds/ (Repayments) from/ of Long Term Liabilities (net)	(174,750,000)	-
	Finance Charges Paid	(288,839,442)	(321,271,057)
	Net Cash Flow from Financing Activities	(104,403,460)	(94,304,317)
	Net Increase/ (Decrease) in Cash and Cash Equivalents	(1,652,052)	(575,182)
	Cash and Cash Equivalents at the beginning of the year	10,315,788	10,890,969
	Cash and Cash Equivalents at the end of the year	8,663,735	10,315,788

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 issued by the Institute of Chartered Accountants of India.
- Previous year's figures have been regrouped/ reclassified to confirm to current year presentation

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

For and on behalf of
Luthra & Luthra
Firm Regn No: 002081N
Chartered Accountants

For and on behalf of the Board of Directors

-Sd-
Sneha Kini
 Partner
 Membership No: 220480

-Sd-
Srinivas Bommidala
 Chairman

-Sd-
O Bangaru Raju
 Director

GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2011

(Amount in ₹)

Schedule 1	As at March 31, 2011	As at March 31, 2010
Capital		
Authorised		
93,500,000 (2010: 93,500,000) Equity Shares of Rs. 10 each	935,000,000	935,000,000
14,650,000 (2010: 14,650,000) Preference Shares of Rs. 100 each	1,465,000,000	1,465,000,000
	2,400,000,000	2,400,000,000
Issued, Subscribed and Paid Up		
93,128,000 (2010 : 93,128,000) Equity Shares of Rs.10 each fully paid up	931,280,000	931,280,000
Of the above:		
(i) 24,222,593 (2010 : 24,222,593)Equity Shares are held by GMR Energy Limited (GEL) the Associate Company,		
(ii) 45,632,720 (2010 - 45,632,720) Equity Shares are held by GMR Highways Limited (GHWL),		
(iii) 23,272,687 (2010 - 23,272,687) Equity Shares are held by GMR Infrastructure Limited (GIL) , the parent Company		
Preference Issued and Subscribed		
12,346,040 (2010 : 12,346,040) 8% Redeemable at par Non Cumulative Non Convertible Preference Shares of Rs.100 each fully paid up in cash	1,234,604,000	1,234,604,000
(The Preference Shareholders have an option to redeem at par at any time after 6 months from the date of allotment, but before 1st May, 2022 from the date of allotment, by giving one month prior notice.)		
Of the above:		
(i) 80,000 (2010- 80,000)Preference Shares are held by GMR Highways Limited (GHL)		
(ii) 6,848,900 (2010 - 6,848,900) Preference Shares are held by GMR Tambaram - Tindivanam Expressways Private Limited (GTTEPL), the Associate Company		
(iii) 5,351,140 (2010 - 5,351,140) Equity Shares are held by GMR Tuni-Anakapalli Expressways Private Limited (GTAEPL), the Associate Company		
(iv) 66,000 (2010 - 66,000) Preference Shares are held by GMR Infrastructure Limited (GIL) , the Parent Company		
Total	2,165,884,000	2,165,884,000

GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2011

(Amount in ₹)

Schedule 2	As at March 31, 2011	As at March 31, 2010
Secured Loans		
Rupee Term Loans		
From Banks	2,805,165,000	2,815,740,000
(Secured by way of pari passu first charge over company's movable properties, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims, of the company in respect of the project agreements executed / to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the company in respect of monies lying to the credit of trust and retention account and other accounts. Further secured by way of pledge of 23,272,687 equity shares and 24,222,593 equity shares of the Company held by GMR Infrastructure Limited (GIL) and GMR Energy Limited (GEL) respectively)		
Loan - for Car	403,722	642,740
Total	2,805,568,722	2,816,382,740

(Amount in ₹)

Schedule 3	As at March 31, 2011	As at March 31, 2010
Unsecured Loans		
From Group Companies		
- GMR Highways Limited	370,000,000	-
- GMR Energy Limited	227,194,800	227,194,800
Total	597,194,800	227,194,800

GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2011

Schedule 4 - Fixed Assets

(Amount in ₹)

Description	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
Carriageways	6,158,164,039	-	-	6,158,164,039	276,214,058	142,352,136	-	418,566,194	5,739,597,845	5,881,949,981
Plant and Machinery	2,603,590	-	-	2,603,590	186,591	137,470	-	324,061	2,279,529	2,416,999
Electrical Fittings	83,027	-	-	83,027	18,061	3,944	-	22,005	61,022	64,966
Computers	7,155,239	-	41,245	7,113,994	4,462,302	1,021,979	35,678	5,448,602	1,665,391	2,692,937
Office Equipments	1,744,614	4,450	-	1,749,064	364,729	81,052	-	445,781	1,303,283	1,379,885
Vehicles	5,550,566	42,026	-	5,592,592	1,058,372	529,481	-	1,587,853	4,004,739	4,492,194
Furniture and Fixtures	973,037	23,813	-	996,850	343,451	40,217	-	383,668	613,182	629,586
Capitalised Software	4,577,387	-	-	4,577,387	1,777,601	741,994	-	2,519,595	2,057,792	2,799,786
Total	6,180,851,499	70,289	41,245	6,180,880,541	284,425,165	144,908,273	35,678	429,297,760	5,751,582,783	5,896,426,333
Previous Year	6,179,373,548	1,562,824	84,875	6,180,851,498	80,821,284	203,617,057	13,177	284,425,165	5,896,426,333	6,098,552,264

GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2011

(Amount in ₹)

Schedule 5	As at March 31, 2011	As at March 31, 2010
Investments		
Current		
Other Than Trade - Unquoted		
ICICI Prudential - Super Institutional - Growth	7,258,412	-
[50,147.467 Units (2010 - Nil Units) of Rs. 144.7414 per unit (2010- Nil)]		
Total	7,258,412	-

* Net Asset Value as at March 31, 2011 - Rs. 7,272,601 (March 31, 2010 : Nil)

(Amount in ₹)

Schedule 6	As at March 31, 2011	As at March 31, 2010
Cash and Bank Balances		
Cash on hand	2,400,109	1,615,463
Balances with scheduled banks		
- On Current accounts	5,503,626	8,600,324
- On Deposit accounts	760,000	100,000
Total	8,663,735	10,315,788

(Amount in ₹)

Schedule 7	As at March 31, 2011	As at March 31, 2010
Other Current Assets		
Interest Accrued on Deposits with Bank	20,942	10,602
Total	20,942	10,602

(Amount in ₹)

Schedule 8	As at March 31, 2011	As at March 31, 2010
Loans and Advances		
(Unsecured, Considered Good unless otherwise stated)		
Loans to Employees	53,198	-
Advances recoverable in cash or in kind or for value to be received	7,031,045	4,264,165
Deposits with others	84,058	84,058
Deposits with Government Authorities	2,013,398	2,012,158
Advance Tax (Net of Provision)	660,832	860,918
Total	9,842,531	7,221,299

(Amount in ₹)

Schedule 9	As at March 31, 2011	As at March 31, 2010
Current Liabilities and Provisions		
A) Liabilities		
Sundry Creditors		
Dues to Micro and Small Enterprises	-	-
Dues to other than Micro & Small Enterprises	10,952,436	10,134,932
Retention Money	186,718	50,978,391
Other Liabilities	216,962	284,486
Interest accrued & not due	5,073	5,238
	11,361,189	61,403,047
B) Provisions		
Provision for Gratuity & Leave Encashment	277,747	214,697
Provision for expenses	890,584	621,844
Provision for Employee Benefits	621,585	-
	1,789,916	836,541
Total	13,151,105	62,239,588

(Amount in ₹)

Schedule 10	As at March 31, 2011	As at March 31, 2010
Profit and Loss Account		
Opening Balance	546,037,106	135,485,280
Net Income (Loss) of Current Year	271,953,117	410,551,826
Closing Balance	817,990,223	546,037,106
Total	817,990,223	546,037,106

GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED
Schedules annexed to and forming part of Profit and Loss Account

(Amount in ₹)

Schedule 11	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Toll Income		
Toll Income	217,142,718	186,223,174
Total	217,142,718	186,223,174

(Amount in ₹)

Schedule 12	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Other Income		
Interest received from Investments (Tax Deducted at Source - Rs 8,593/-)	123,092	17,583
Profit on Sale of Investments (Tax Deducted at Source - Nil)	960,014	772,471
Miscellaneous Income	1,835,994	265,907
Provision written back	311,123	-
Total	3,230,223	1,055,962

(Amount in ₹)

Schedule 13	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Operation & Maintenance Expenses		
Maintenance Expenses	9,921,860	8,077,588
Toll Management Services	16,153,981	16,562,403
Electricity Charges	7,993,483	7,479,124
Insurance	3,077,742	2,811,115
Repair Expenditure	1,028,087	36,517
R & M - Plant & Machinery	482,581	167,937
Other Misc. Expenses	83,000	726,102
Hire / Lease Rental Charges	17,000	269,600
Staff Welfare	4	331,265
O&M - License & Fees	-	61,710
O&M-Movement	-	533,060
O&M Communication	-	127,006
O&M Consultancy	-	10,110
Other Repairs	-	945
Total	38,757,738	37,194,481

(Amount in ₹)

Schedule 14	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Manpower Cost		
Salaries, allowances and benefits to employees	7,683,702	7,583,735
Contribution to provident fund and others	372,882	415,281
Staff welfare expenses	783,798	295,615
Total	8,840,381	8,294,631

GMR AMBALA CHANDIGARH EXPRESSWAYS PRIVATE LIMITED
Schedules annexed to and forming part of Profit and Loss Account

(Amount in ₹)

Schedule 15	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Administrative Expenses		
Rent	420,300	1,259,697
Repairs and Maintenance	978,108	843,655
Rates and Taxes	85,695	5,519,932
Insurance	130,219	114,615
Consultancy Charges	6,183,994	9,787,984
Director Sitting Fees	125,000	75,000
Remuneration to auditors		
Statutory Audit Fees (TDS: Rs.27,575/-)	275,750	275,750
Tax Audit Fees (TDS: Rs. 5,515/-)	55,150	55,150
Other Certifications Fees (TDS Rs. 2,872/-)	28,680	77,651
Out of Pocket Expenses	-	-
Electricity & Water Charges	-	304,864
Advertisement	60,713	58,493
Inland Travel	363,948	67,838
Vehicle Maintenance (Including Taxi Hire & Conveyance)	1,049,651	484,090
Telephone & Mobile charges	425,286	90,787
Courier & Postage charges	13,829	9,099
Gifts & Compliments	117,456	2,023,438
Security Charges	24,242	733,239
Printing & Stationaries	568,005	122,103
Donations	-	5,000
Books & Periodicals	2,616	5,066
Membership & Subscriptions	-	10,000
Loss on sale of fixed assets	-	67,699
Fixed Assets written off	5,567	-
Miscellaneous Expenses	27,597	5,462,587
Total	10,941,804	27,453,737

(Amount in ₹)

Schedule 16	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Interest and Finance Charges		
Interest on Secured Loans	287,084,263	275,319,701
Interest on Unsecured Loans	-	43,242,413
Finance charges	1,755,179	2,708,943
Total	288,839,442	321,271,057

Schedule 17

Statement on Significant Accounting Policies and Notes to Accounts

I. Significant Accounting Policies

1. Basis of Accounting

These accounts have been prepared under the historical cost convention on the basis of a going concern, with revenues recognized and expenses accounted on their accrual and amounts determined as payable or receivable during the year except those with significant uncertainties and in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India and the provisions of the Indian Companies Act, 1956

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the amounts of income and expenses reported in the financial statement during the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets, provision for doubtful debts/ advances, future obligations in respect of retirement benefit plans, etc. Although these estimates are based upon management's best knowledge of current events, actions, actual results could differ from those estimates. Difference if any, between the actual results and estimates is recognized in the period in which the results are known.

2. Revenue Recognition

Toll Revenue is recognized based on the Toll collected from the users of the Highway.

Other Revenue is recognized based on accrual basis in the year in which it accrues to the Company.

3. Fixed Assets

Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, duties, levies and all incidentals attributable to bringing the asset to its present location and working condition.

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the management makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset. The impairment loss recognized in prior years is reversed where the carrying value of the asset upon reassessment in the subsequent years.

The Company has entered into a Service Concession Agreement under BOT (Built own and transfer) arrangement with National Highways Authority of India (NHAI), dated November 16, 2005 to construct and operate a carriage way for Ambala Chandigarh Section on National Highway No. 21 and 22 in the states of Punjab and Haryana till period ending 15th May 2026. The carriageway has been accounted for as tangible asset and classified under fixed assets.

4. Depreciation

a) General

Depreciation is provided on straight line method at the specified rates in Schedule XIV of the Companies Act, 1956 on all assets except Carriage ways.

Individual assets costing Rs. 5000/- and less are fully depreciated in the year of acquisition.

b) Depreciation of Carriageways

The Management is of the opinion that the useful life of depreciable asset should be estimated after considering

1. Legal limits on the use of assets: In accordance with the terms of the 'Concession Agreement' entered into with National Highways Authority of India (NHAI), dated November 16, 2005, the company has a right to use the roads for the period ended 15th May 2026. The useful life is hence 17.5 years i.e, from the Commercial Operation Date (14th November 2008) to 15th May 2026.
2. Expected physical wear & tear: Depreciation of Carriageways is calculated at the cost on a units-of-usage basis i.e., depreciation is provided based on the percentage of actual traffic volume for a particular period over the total projected traffic volume throughout the BOT operations period.

Further, the expected pattern of economic benefits from Carriageways will be reviewed at the end of each financial year and any significant change in the expected pattern of economic benefits would have an impact on the depreciation to be provided for each financial year which shall be provided accordingly.

5. Investments

Current investments are valued at cost or market value whichever is lower. Cost of acquisition is inclusive of expenditure incidental to acquisition. Income from investments is recognized in the year in which it is accrued and stated at gross.

6. Foreign Currency Transactions

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions. The original cost of fixed assets acquired through foreign currency borrowings at the end of each financial year is adjusted for any change in liability arising out of expressing the outstanding foreign currency loan at the rate of exchange prevailing at the date of balance sheet

Monetary assets and monetary liabilities other than long term are translated at the exchange rate prevailing on the balance sheet date and the resultant gain /loss is recognized in the financial statements.

7. Retirement Benefits

i. Defined Contribution Plans

Contributions paid/payable to defined contribution plans comprising of provident fund and pension fund are charged on accrual basis.

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 on accrual basis in the Profit and Loss Account. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

ii. 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 in accordance with the requirements of revised Accounting Standard 15 (revised 2005) on 'Employee Benefits' notified under section 211 (3C) of the Act ('revised AS 15') as at the end of the year.

iii. Other Long Term Employee Benefits

Other long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS 15 as at the end of the year.

iv. Short Term Employee Benefits

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

8. Borrowing Costs

Borrowing Costs that are attributable to construction of carriageway being a qualifying asset are capitalized as a part of the cost of that asset in the year of completion of construction. Other borrowing costs are recognized as expenditure in the year in which they are incurred.

9. Leases

The Asset purchased under the Financial Lease are accounted at Cash Price & depreciated as per the Company policy. Finance charges in the nature of interest is being recognized as expenditure in the period in which they are incurred.

10. Taxes on Income

Current Tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized on timing differences being the difference between the taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent year(s). Deferred Tax Assets and Liabilities have been computed on the timing differences applying the enacted tax rates.

11. Earnings Per Share

The earnings considered in ascertaining the Company's Earnings Per Share (EPS) comprise of the net profit after tax. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year.

Notes to Accounts

1. Capital Commitments

Estimated amount of Contracts remaining to be executed on capital account and not provided for Rs. Nil (2009: NIL).

2. The Company has been incorporated for the purpose of Design, Construction, Development, Improvement, Operation and Maintenance including strengthening and widening of Ambala – Chandigarh section on National Highway 21 and 22 in the states of Punjab and Haryana on Build, Operate and Transfer (BOT) basis.
3. In accordance with the terms of the 'Concession Agreement' entered into with National Highways Authority of India (NHAI), dated November 16, 2005, the company has an obligation to pay an amount of Rs.1,747,520,000/- by way of Negative Grant over the concession period. The total value of Negative Grant including paid and payable has been recognized in the financials by way of capitalization in the cost of carriageway and a corresponding obligation has been created to the extent of the balance amount payable as at March 31, 2011 and is disclosed under a distinct head in the Balance Sheet as Long Term Liability towards Deferred Payment .

4. Taxes on Income:

a. Deferred Tax Asset:

Deferred tax as per Accounting Standard 22 on 'Accounting for Taxes on Income', issued by the Institute of Chartered Accountants of India has not been recognized on unabsorbed loss since the Company is an infrastructure Company eligible for claiming deduction in future years under section 80IA of Income Tax Act, 1961 &

b. Deferred Tax Liability:

Deferred taxes as per Accounting Standard 22 on 'Accounting for Taxes on Income', issued by the Institute of Chartered Accountants of India has not been recognized as the timing differences on depreciation since the timing difference which originates during the year would reverse within the tax holiday period.

5. Related Party Transactions

Names of related parties and description of relationship

(i)	Enterprises that control the Company	GMR Infrastructure Limited (GIL) GMR Holdings Private Limited (GHPL) GMR Highways Limited (GHWL)
(ii)	Fellow Subsidiaries	GMR Aviation Private Limited (GAPL) GMR Energy Ltd (GEL) GMR Tambaram–Tindivanam Expressways Private Limited (GTTEPL) GMR Hyderabad Vijayawada Expressways Private Limited (GHVEPL) GMR Tuni Anakapalli Expressways Private Limited (GTAEPL) GMR Jadcherla Expressways Private Limited (GJEPL) GMR Pochanpalli Expressways Limited(GPEL) (erstwhile ,GMR Pochanpalli Expressways Private Limited) GMR Ulundurpet Expressways Private Limited (GUEPL) GMR Airports Holding Private Limited (erstwhile, GVL Investments Private Limited) (GAHPL) GMR Corporate Affairs Private Limited (GCAPL)
(iii)	Enterprise where Key Management Personnel and their relatives exercise significant influence	Raxa Securities Services Limited (RSSL) GMR Bannerghatta Properties Private Limited (GBPPL) GMR Projects Private Limited, (GPPL) GMR Varalakshmi Foundation (GVF) GMR Chennai Outer Ring Road Private Limited
(iv)	Key Management Personnel	Mr. Srinivas Bommidala, Chairman Mr. O Bangaru Raju, Director

6. Summary of transaction with the above related parties during the period ended March 31, 2011 . is as follows:

Nature of Transaction	Enterprises that control the company	Fellow Subsidiaries	Enterprises where Key Management Personnel and their relatives exercise significant influence	Amount in ₹	
				Key Management Personnel & relatives	Balance Payable / (Receivable)
Capital Expenditure towards Engineering, Procurement and Construction contract (including mobilization advances)-GPPL	- (-)	- (-)	- (-)	541,060,504 (-)	- (541,060,504) Cr
Share Application Money received & allotted					
- GIL	- (6,600,000)Cr	- (-)	- (-)	- (-)	- (-)
- GTAEPL	- (-)	- (535,114,000)Cr	- (-)	- (-)	- (-)
- GTTEPL	- (-)	- (684,890,000)Cr	- (-)	- (-)	- (-)

Nature of Transaction	Enterprises that control the company	Fellow Subsidiaries	Enterprises where Key Management Personnel and their relatives exercise significant influence	Key Management Personnel & relatives	Balance Payable / (Receivable)
- GHWL	- (8,000,000)Cr	- (-)	- (-)	- (-)	- (-)
Subordinate Debt - GEL	- (-)	- (-)	- (-)	- (-)	227,194,800 Cr (227,194,800)Cr
- GHWL	370,000,000 Cr (-)	- (-)	- (-)	- (-)	370,000,000 Cr (-)
Charges for Security and Toll management services - RSSL	- (-)	- (-)	13,773,737 Dr (14,900,199) Dr	- (-)	694,917 Cr (1,212,186) Cr
Subordinate Debt – Repaid – (GAHPL)	- (-)	- (1,008,280,000 Cr)	- (-)	- (-)	- (-)
Interest on Subordinate Debt - (GAHPL)	- (-)	- (43,242,413) Dr	- (-)	- (-)	- (-)
Tollway and Highway Maintenance Charges - GHWL	2,400,000 Dr (2,400,000)Dr	- (-)	- (-)	- (-)	- (-)
Charges for Monthly Maintenance of Highways	81,61,264 Dr (8,178,029) Dr	- (-)	- (-)	- (-)	1,488,692 Cr (1,749,595) Cr
Rent Deposits Refunded – GMRPPL	- (-)	- (-)	- (10,776,000)Cr	- (-)	- (-)
Trade & Logo Licence Fees – GHPL	1,172 Dr (1,000) Dr	- (-)	- (-)	- (-0)	1,091 Cr (1,000) Cr
Rent Paid – GMRPPL	- (-)	- (-)	- (1,004,697) Dr	- (-)	- (-)
Security Deposit refunded from – GHWL	- (2,000,000)Cr	- (2,000,000)Cr	- (-)	- (-)	- (-)

Previous year figures are given in brackets.

7. A) The Company has entered into certain operating lease agreements and an amount of Rs. 420,000/- (2010: Rs. 1,504,697/-) paid during the year under such agreements.

B) The Company has entered into a Finance Lease for purchase of Car with Axis Bank Ltd. The Outstanding amount as on 31st March 2011 is Rs 403,722/- and out of which an amount of Rs 289,848 is due for payment in the next 12 months. The Net carrying amount of the asset as on 31st March 2011 is Rs 757,196/-

Principal falling due within 12 months : Rs 262,739 (2010 : Rs 239,018)

Principal falling due within 5 years but beyond 12 months : Rs 140,983 (2010: Rs 403,722)

Principal falling due beyond 5 years : Rs NIL (2010: Rs NIL)

8. Employee benefits

a) Defined contribution plan

Contribution to Provident and other funds under Generation and operating expenses (Schedule 16) and Administration and other expenses (Schedule 17) are as under:

Particulars	Amount in ₹	
	2011	2010
Contribution to provident fund	501,766	580,689
Contribution to superannuation fund	78,396	135,519
	580,162	716,208

b) Defined benefit plan

Certain entities in the Group are covered by a funded defined benefit gratuity plan. As per the scheme, an employee who has completed five years or more of service gets gratuity equivalent to 15 days salary (last drawn salary) for each completed year of service.

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

Net employee benefit expense

	Amount in ₹	
	2011	2010
Current service cost	130,425	168,282
Interest cost on benefit obligation	14,329	28,801
Expected return on plan assets	(61,355)	(64,493)
Net actuarial(gain) / loss recognised	(101,371)	(10,328)
Past service cost	-	-
Net benefit expense	(17,972)	122,262
Actual return on plan assets	69,024	64,493

Balance sheet

	Amount in ₹	
	2011	2010
Defined benefit obligation	587,433	536,381
Fair value of plan assets	853,379	750,561
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	265,946	214,180

Changes in the present value of the defined benefit obligation:

	Amount in ₹	
	2011	2010
Opening defined benefit obligation	536,381	340,480
New Acquisitions	-	-
Interest cost	14,329	28,801
Current service cost	130,425	168,282
Past service cost	-	-
Benefits paid	-	(10,387)
Adjustment on transfer	-	-
Actuarial (gains) / losses on obligation	(93,702)	(11,569)
Closing defined benefit obligation	587,433	536,381

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

Amount in ₹

	2011	2010
Opening fair value of plan assets	750,651	696,455
New Acquisition	-	-
Expected return	61,355	64,493
Contributions by employer	32,569	-
Benefits paid	-	10,387
Actuarial gains / (losses)	8,894	(20,774)
Adjustment on transfer	-	-
Closing fair value of plan assets	853,379	750,561

The Company expects to contribute Rs 25,000/- (2010: Rs 25,000/-) towards Gratuity Fund during next year

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

	2011	2010
	%	%
Investments with insurer managed funds	100	100

The principal assumptions used in determining gratuity obligation:

	2011	2010
	%	%
Discount rate	8	8
Expected rate of return on assets	8	8
Expected rate of salary increase	6	7
Employee turnover	5	5

Notes :

1. The estimates of future salary increases, considered in actuarial valuation, take into consideration for inflation, seniority, promotion and other relevant factors.
2. The expected return on plan assets is determined considering several applicable factors such as the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching Government bonds.

Note: Liability towards leave encashment as per actuarial valuation is Rs. 151,404 (March 31, 2010: Rs. 134,771).

- 9a. The company has been incurring losses since the commencement of commercial operations during 2008. These losses are primarily attributable to loss of revenue arising as a result of diversion of partial traffic on parallel roads developed subsequent to bidding of the project. The Company has taken up with NHA and the State Governments concerned. The management is confident that the company will be able to claim damages/compensation from relevant authorities for the loss the Company has suffered/ suffering due to such diversion of traffic. The management's view is also substantiated by the legal opinion obtained in this regard. Accordingly impairment on Carriageways is not required to be recognized at this stage.

- 9b) There are no micro and small enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

10. Investment purchased and sold during the year:

Amount in ₹

Sl. No.	Particulars	Purchased		Sold	
		No of Units	Amount (in Rupees)	No of Units	Amount (in Rupees)
Mutual Funds:-					
1	ICICI Prudential Institutional Plan Super Institutional Growth (Fair Value Rs. 100)	2,228,118 (1,296,031)	311,830,000 (174,930,069)	2,177,970 (1,296,031)	305,513,710 (175,145,233)
2	ICICI Prudential Flexible Income Plan	40,250 (338,807)	6,903,049 (57,719,224)	40,250 (338,807)	6,920,940 (57,786,774)
3	UTI MONEY MARKET FUND-GROWTH PLAN	- (37,073)	- (22,817,804)	- (37,073)	- (22,854,075)
4	UTI Liquid Cash Plan Institutional - Growth Option	- (338,806)	- (53,804,075)	- (338,806)	- (54,014,446)
5	ICICI Prudential Institutional Liquid Plan Super Institutional Growth Scheme	- (7,894,148)	- (104,900,000)	- (7,894,148)	- (105,143,115)
	Total	2,268,368 (9,904,865)	318,733,049 (419,171,172)	2,218,220 (9,904,865)	312,434,650 (414,943,643)

11. Segment Reporting

The Company is engaged in the business of Construction, Operation & Maintenance of Highways. This being the only segment, the reporting under the provisions of AS 17 (Segment Reporting) does not arise.

12. Earnings Per Share

Amount in ₹

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Nominal Value of Equity Shares (Rs. per Share)	10	10
Weighted Average number of Equity Shares outstanding during the year	93,128,000	93,128,000
Profit/ (Loss) after Taxes	(271,953,117)	(409,603,492)
EPS – Basic Earnings Per Share	(2.92)	(4.39)

13. Additional information pursuant to paras 3, 4, 4 – A, 4 – B and 4 – C of part II of Schedule VI to the Companies Act, 1956 to the extent “Nil” or “Not Applicable” has not been furnished.

14. Contingent Liabilities : NIL

15. Previous year figures have been regrouped / reclassified wherever necessary to conform to those of the current year.

**For and on behalf of
Luthra and Luthra
Chartered Accountants**

For and on behalf of board of Directors

-Sd-
Sneha Kini
Partner
Membership No: 220480

-Sd-
Srinivas Bommidala
Chairman

-Sd-
O Bangaru Raju
Director

Place: Bangalore
Date: 17-05-2011

GMR AMBALA CHANDIGARH EXPRESSWAYS PVT LTD.
Balance Sheet Abstract And Company's General Business Profile

1 Registration Details			
Registration No.	U45203KA2005PTC036773	State Code	8
Balance Sheet Date	31-Mar-11		
2 Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	NIL	Rights Issue	NIL
3 Position of Mobilisation and Development of Funds (Amount in Rs. Thousands)			
Total Liabilities	6,595,359	Total Assets	6,595,359
Sources of Funds			
Paid - Up Capital	2,165,884	Share Appl. Money/Calls in advance	-
Reserves & Surplus		Unsecured Loans	597,195
Secured Loan	2,805,569	Long Term Liability towards Deferred Paym	1,013,560
Application of Funds			
Net Fixed Assets	5,751,583	Investments	7,258
Net Current Assets	5,376	Misc. Expenditure	NIL
Accumulated Losses	817,990		
4 Performance of company (Amount in Rs. Thousands)			
Total Income	220,373	Total Expenditure	492,288
+ (-) Profit / (Loss) before Tax	(271,915)	+ (-) Profit / (Loss) after Tax	(271,953)
Earnings (Loss) per Share (Rs.)	(2.92)	Dividend rate (%)	N.A
5 Generic Names of Three Principal Products / Services of Company (as per monetary terms)			
Item Code No. :		N.A	
Product Description		N.A	

For and on behalf of the Board of Directors

-Sd-
Srinivas Bommidala
Chairman

-Sd-
O Bangaru Raju
Director

Place: Bengaluru
Date: 17-05-2011