

AUDITORS' REPORT

TO THE MEMBERS OF GMR CONSULTING SERVICES PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **GMR CONSULTING SERVICES PRIVATE LIMITED** ('the Company') as at 31st March 2011 and the Profit and Loss account and Cash Flow Statement, annexed thereto for the year ended on that date. 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 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 (Auditors' Report) Order, 2003 (as amended) 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.
4. 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 purpose 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 the books.
 - iii. The said Balance Sheet, the Profit & Loss Account & the cash flow statement dealt by this report are in agreement with books of account.
 - iv. In our opinion, the Balance Sheet, the Profit & Loss Account & the cash flow statement comply with the mandatory Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956, and
 - v. On the basis of written representations received from the directors as at 31st March 2011 and taken on record by the board of directors, we report that none of the directors is disqualified as at 31st March 2011

**GIRISH
MURTHY & KUMAR**
Chartered Accountants

from being appointed as a director 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, together with and subject to notes annexed thereto, give the information required by 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 Balance Sheet of the state of affairs of the company as at 31st March 2011; and
 - b. In the case of the Profit & Loss Account, of the loss incurred during the year ended on that date
 - c. In case of the Cash Flow Statement, of the cash flows for the year ended on that date

PLACE : BANGALORE

FOR GIRISH MURTHY & KUMAR
Firm Registration Number : 000934S
Chartered Accountant

DATE : 5th May,2011

(A.V SATISH KUMAR)
Partner.
M.No : 026526

ANNEXURE TO THE AUDITORS' REPORT

As required by the Companies (Auditors report) order, 2003 issued by the company law board, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of our audit, we report that: -

- i) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- ii) The fixed assets are physically verified by the Management according to a phased program 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 nature of business. Pursuant to the programme, the management has physically verified the fixed assets during last financial year and there were no material discrepancies between the book records and the physical inventory. No substantial parts of the Fixed Assets have been disposed during the year
- iii) The nature of company's operation is providing service, therefore had no stocks of finished goods, stores, spare parts and raw materials during/ at the end of the year.
- iv) The company has taken loans from companies listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year and year-end balance of such loans aggregates to Rs 12.50 crores and Rs 3.00 crores, respectively.
- v) In our opinion, the rate of interest and other terms and conditions of such loan are not prejudicial to the interest of the company.
- vi) The company has not granted any loans, secured or unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956.
- vii) The company is yet to commence its operations and has not purchased raw materials or components during the year. In our opinion, for the purchase of assets there is an adequate internal control procedure commensurate with the size of the company and the nature of its business. Further we have not noticed any evidence of persisting failures to correct major weakness in internal control.
- viii) In our opinion and according to the information and explanations given to us the company has entered into any contract falling under Section 297 and particulars of transaction have been entered in the Register in pursuance of section 301 of the act. Further in respect of such contracts exceeding Rs five lakh in respect of every party, transactions were made at prevailing market prices at the relevant time.

**GIRISH
MURTHY & KUMAR**
Chartered Accountants

- ix) The company has not accepted deposits from the public during the year to which the provisions of section 58A and 58AA of the companies Act, 1956 and the rules framed there under are applicable.
- x) In our opinion, the company's present Internal Audit system is commensurate with the size and nature of its business.
- xi) The central government has not prescribed the maintenance of cost records by the companies under section 209(i)(d) of the companies act, 1956.
- xii) According to the information and explanations given to us and the records of the company examined by us, in our opinion the Company is generally regular in payment of undisputed statutory dues including income tax, service tax, Provident fund, employees state insurance, cess and other material statutory dues as applicable with appropriate authorities. We are informed by the company that the provisions of investor education and protection fund, sales tax, excise, customs are not applicable .
- xiii) According to the information and explanations given to us and the records of the company examined by us there are no undisputed/disputed amounts payable in respect of income tax, Provident fund, employees state insurance, cess as at 31st march 2011, which are outstanding for a period of more the than six months from the date they become payable.
- xiv) The company has not granted any loans/advances on the basis of security by way of shares, debenture etc. As such no records and documents have been maintained.
- xv) The Company is not having any accumulated loss.
- xvi) According to the records of the company examined by us and information and explanations given to us, the company has not taken any loan from any Bank or Financial Institution.
- xvii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xviii) In our opinion, the company is not dealing or trading in shares, debentures and other investments and as such no records have been maintained.
- xix) We have been informed by the company that it has not given any guarantee for any loans taken by the others from banks and financial institutions.
- xx) In our opinion, and on the basis of our examination and according to the information and explanations given to us, on an overall examination of the balance sheet of the Company, we report that during the year, prima facie, the Company has not used funds raised on short- term basis for long-term investment. .

**GIRISH
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Chartered Accountants

- xxi) No Preferential allotment of shares is made by the company to parties and companies covered in the registers maintained under section 301 of the act.
- xxii) The company has not issued any debentures and therefore no securities have been created.
- xxiii) During the course of 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 not come across any instance of fraud on or by the company during the year.
- xxiv) The company is not covered under special statutory provisions applicable to the chit fund, Nidhi or mutual benefit societies.
- xxv) According to the information and explanations given to us and based on such examination, we are of the opinion that other provisions of the Companies (Auditors' report Order) 2003 are not applicable for the year covered under this report.

PLACE : BANGALORE

FOR GIRISH MURTHY & KUMAR
Firm Registration Number : 000934S
Chartered Accountant

DATE : 5th May,2011

(A.V SATISH KUMAR)
Partner.
M.No : 026526

GMR Consulting Services Private Limited
Balance Sheet as at 31st March'11

Amount in Rupees

Particulars	Sch. No.	31st March'11		31st March'10	
I. Sources of Funds:					
1. Shareholders' Funds					
(a) Capital	1	100,000		100,000	
(b) Share Application Money Pending Allotment		276,300,000		100,700,000	
(b) Reserves & Surplus	2	1,814,106	278,214,106	936,526	101,736,526
2. Loan Funds					
(a) Secured Loans	3				
(b) Unsecured Loans		30,000,000	30,000,000	125,000,000	125,000,000
Deferred Tax Asset			1,603,444		412,482
Total			309,817,550		227,149,008
II. Application of Funds:					
1. Fixed Assets					
(a) Gross Block	4	11,602,643		4,417,426	
(b) Less : Depreciation		1,423,163		133,682	
(c) Net Block			10,179,481		4,283,744
2. Current Assets, Loans and Advances					
(a) Cash and Bank Balances	5	15,281,507		2,165,003	
(b) Sundry Debtors	6	344,756,332		232,917,602	
(d) Loans and Advances	7	44,100,402		34,076,758	
		404,138,241		269,159,363	
Less : Current Liabilities and Provisions					
(a) Liabilities	8	61,971,538		39,549,903	
(b) Provisions	8	42,528,633		6,744,196	
		104,500,172		46,294,099	
Net Current Assets			299,638,070		222,865,265
Total			309,817,550		227,149,008
Statement on Significant Accounting policies and Notes to the Accounts	14				

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 Girish Murthy & Kumar
Chartered Accountants

For and on behalf of the Board

A V Satish Kumar
Partner
Membership Number : 26526
Firm Registration Number: 000934S
Place: Bangalore
Date: 5th May 2011

G Subba Rao Avinash Shah
Director Director
Place: Bangalore
Date: 5th May 2011

GMR Consulting Services Private Limited
Profit and Loss Account for the period ended 31st March'11

Amount in Rupees

Particulars	Schedule	31st March'11	31st March10
I. Income			
From Consulting/Professional Services	9	441,165,175	267,210,002
Other Income	10	345,303	804,448
		441,510,478	268,014,450
II. Expenditure			
Manpower & Other Expenses	11	253,965,296	144,907,177
Administration expenses	12	160,226,035	108,251,919
Interest and Finance Charges	13	5,351,801	12,972,664
Depreciation	4	1,289,481	133,682
		420,832,612	266,265,441
III. Profit/(Loss) Before Extraordinary Item		20,677,866	1,749,008
III. Profit/(Loss) Before Taxation		20,677,866	1,749,008
Provision for Taxation			
- Current		6,700,000	400,000
- Deferred		1,190,962	412,482
Tax Adjustment for Previous years		11,909,324	-
IV. Profit/(Loss) After Taxation		877,580	936,526
Surplus/(Defecit) brought forward		936,526	-
V. Available for Appropriation		1,814,106	936,526
VI. Available surplus carried to Balance Sheet		1,814,106	936,526
Earning per Share -Basic & Diluted		87.76	93.65
Statement on Significant Accounting policies and Notes to the Accounts	14		

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

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

For and on behalf of Girish Murthy & Kumar
Chartered Accountants

For and on behalf of the Board

A V Satish Kumar
Partner
Membership Number : 26526
Firm Registration Number: 0009345
Place: Bangalore
Date: 5th May 2011

G Subba Rao Avinash Shah
Director Director
Place: Bangalore
Date: 5th May 2011

GMR Consulting Services Private Limited

Amount in Rupees

Schedule 1: Share capital	31st March'11	31st March 10
a. Authorised Capital	2,500,000	2,500,000
2,50,000 Equity Shares of Rs 10/- each		
	2,500,000	50,000,000
b. Issued, subscribed and paid up		
10,000 Equity Shares of Rs 10/- each	100,000	100,000
(Out of the above 10000 Equity Shares, 9900 shares are held by the Holding Company, GMR Energy Limited)		
Total	100,000	100,000

Amount in Rupees

Schedule 2 : Reserves and Surplus	31st March'11	31st March 10
Reserves and Surplus		
General Reserve	-	-
Balance in the Profit and Loss Account (From B/S)	936,526	-
Balance in the Profit and Loss Account (Current Year)	877,580	936,526
Total	1,814,106	936,526

0

Amount in Rupees

Schedule 3: Loans	31st March'11	31st March 10
(a) Secured Loan		
Long Term Loan	-	-
Total Secured Loan	-	-
(b) Unsecured Loan		
Inter Corporate Deposits (from the Holding company GEL)	30,000,000	125,000,000
Total Unsecured Loan	30,000,000	125,000,000
Total	30,000,000	125,000,000

0

Amount in Rupees

Schedule 5 : Cash and Bank Balances	31st March'11	31st March 10
Cash on Hand	149,723	127,333
- Current accounts	15,131,784	2,037,670
- Fixed Deposit (Margin Money)	-	-
Total	15,281,507	2,165,003

GMR Consulting Services Private Limited

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

Schedule 4: FIXED ASSETS												
Description	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at March 31, 2010	Additions	Addition on inclusion of Subsidiaries	Withdrawals/Deletions	As at March 31, 2011	As at March 31, 2010	Additions	Addition on Inclusion of Subsidiaries	Withdrawals/Del etions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible												
Electrical Fittings	50,000	-	-	-	50,000	742	2,375	-	-	3,117	46,883	49,258
Plant & Machinery	-	76,995	-	-	76,995	-	2,484	-	-	2,484	74,511	-
Computers	4,161,751	6,702,883	-	-	10,864,634	131,920	1,266,202	-	-	1,398,122	9,466,512	4,029,831
Office Equipment	175,300	102,588	-	-	277,888	988	11,521	-	-	12,510	265,378	174,312
Furniture	30,375	302,751	-	-	333,126	32	6,899	-	-	6,930	326,196	30,343
Grand Total	4,417,426	7,185,218	-	-	11,602,643	133,682	1,289,481	-	-	1,423,163	10,179,481	4,283,744
Capital Work in Progress											2,617,577,934	1,952,291,921
Previous Year	-	4,417,426	-	-	4,417,426	-	133,682	-	-	133,682	4,283,744	-

Note : Computers Includes Capitalized Softwares

Amount in Rupees

Schedule 6 : Debtors	31st March'11	31st March 10
Sundry Debtors (Secured, Considered good)		
a) Debts outstanding for a period exceeding six months		
Considered Good	161,071,111	57,812,963
Considered doubtful		
Less : Provision for doubtful debts	-	-
	161,071,111	57,812,963
b) Other debts		
Considered Good	183,685,221	175,104,640
Considered doubtful		
Less : Provision for doubtful debts	-	-
	183,685,221	175,104,640
	344,756,332	232,917,602

Amount in Rupees

Schedule 7 : Loans & Advances	31st March'11	31st March 10
Loans to Employees	2,578,168	1,599,307
Advances recoverable in cash or in kind or for value to be received	24,669,973	17,585,674
Deposits - Others	10,015,100	10,000,000
Advance Tax (Including TDS Receivable)	6,837,161	4,891,776
Total	44,100,402	34,076,758

Amount in Rupees

Schedule 8 : Current Liabilities and Provisions	31st March'11	31st March 10
a. Current Liabilities		
Sundry creditors:		
I. Dues to Micro and small scale industrial undertakings	-	-
II. Dues to other than Micro and small scale industrial undertakings	19,917,825	30,650,740
Book Debt-Over Draft	-	-
Other liabilities	42,053,714	8,899,162
Total	61,971,538	39,549,903
b. Provisions		
- Provision for Employee Benefits	26,176,653	-
- Gratuity & Leave Encashment	13,950,683	6,600,216
- Provision for O/s Expenses	2,401,298	143,980
Total	42,528,633	6,744,196

Amount in Rupees

Schedule 9	31st March 11	31st March 10
Income		
Revenue from Consulting Operation	441,165,175	267,210,002
	441,165,175	267,210,002

Amount in Rupees		
Schedule 10	31st March 11	31st March 10
Other Income		
Interest Income	-	-
Miscellaneous Income	345,303	804,448
	345,303	804,448

Amount in Rupees		
Schedule 11	31st March 11	31st March 10
Manpower & Other Expenses		
Salaries, Allowances and Benefits to Employees	206,042,370	119,393,467
Contribution to Provident Fund and Others	10,673,086	5,819,025
Staff Welfare Expenses	12,495,035	8,158,910
Travelling Expenses	24,754,805	11,535,776
	253,965,296	144,907,177
	(0)	(0)

Amount in Rupees		
Schedule 12	31st March 11	31st March 10
Administration and Other Expenses		
Rent	17,153,126	13,862,643
Repairs and Maintenance	14,389,415	5,478,155
Rates & taxes	635,686	99,191
Insurance	28,643	7,265
Professional	83,474,251	50,392,336
Utilities	1,358,821	1,997,647
Statutory Audit fee	27,576	10,000
Other Certification fee	69,060	31,030
Advertisement	2,018,020	912,014
Inland Travel	352,095	1,212,315
Foreign Travel	327,415	3,394,748
Airtime Sharing (from GAPL)	-	2,421,550
Travel - Taxi Hire / Local Conveyance	326,214	693,040
Communication - Telephone	4,800,999	1,596,013
Communication - postage & courier	245,303	119,829
Business Promotion	14,785,266	8,809,413
Printing & Stationery	2,290,458	1,299,957
Donations	5,433,211	13,236,001
Books & Periodicals	1,087,057	496,569
Membership	1,851,915	68,198
Bidding Expenses	2,847,500	230,000
Bad debts / adv w/off	149,290	-
Misc Exp	618,715	433,072
Forex Loss	5,956,000	1,450,931
	160,226,035	108,251,919

Amount in Rupees		
Schedule 13 : Interest and Finance Charges	31st March 11	31st March 10
Interest and Finance Charges		
Interest on ICD	5,234,438	12,905,375
Bank and Other Finance Charges	117,363	67,289
	5,351,801	12,972,664

GMR Consulting Services Private Limited
Cash flow statement for the Period ended 31st March'11

(Amount in Rupees)

Particulars	For the Period ended 31st March'11	For the Year ended 31st March'10
A. CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	20,677,866	1,749,008
Adjustments for :		
Depreciation	1,289,481	133,682
Finance charges	5,351,801	12,972,664
Operating Profit Before Working Capital Changes		
Changes in Trade and Other Receivables	(111,838,730)	(238,432,602)
Changes in Other Current Assets	(10,023,644)	(28,961,758)
Changes in Trade Payables	22,421,636	39,577,322
Changes in other Current Liabilities/Provisions	36,975,399	7,556,678
Cash generated from Operations	(35,146,192)	(205,405,006)
Deferred Tax	(1,190,962)	(412,482)
Income Tax Provision	(6,700,000)	(400,000)
Tax Adjustment for Previous years	(11,909,324)	
Net Cash Flow from/ (used in) Operating Activities	(54,946,477)	(206,217,488)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7,185,218)	(4,417,426)
Net Cash from/ (used in) Investing Activities	(7,185,218)	(4,417,426)
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds(Repayment) of ICD/NCD	(95,000,000)	100,700,000
Proceeds from Share Application money	175,600,000	125,000,000
Finance Charges paid	(5,351,801)	(12,972,664)
Net Cash from Financing Activities	75,248,199	212,727,336
Net increase in Cash and Cash Equivalents	13,116,504	2,092,422
Cash and Cash Equivalents at the beginning of the year	2,165,003	72,581
Cash and Cash Equivalents at the end of the year	15,281,507	2,165,003
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.		
2. Previous year's figures have been regrouped and reclassified to conform to those of the current year		

For and on behalf of Girish Murthy & Kumar
Chartered Accountants

For and on behalf of the Board

A V Satish Kumar
Partner
Membership Number : 26526
Firm Registration Number: 0009345
Place: Bangalore
Date: 5th May 2011

G Subba Rao Avinash Shah
Director Director
Place: Bangalore
Date: 5th May 2011

GMR Consulting Services Private Limited
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1 Registration Details			
Registration No.	U74200KA2008PTC045448	State Code :	08
Balance Sheet Date	31st March'11		
2 Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
3 Position of Mobilisation and Development of Funds (Amount in Rs. Thousands)			
Total Liabilities	309,818	Total assets	309,818
Sources of Funds			
Paid Up Capital**	276,400	Reserves & Surplus	1,814
** Includes Share Application Money			
Secured Loans	-	Unsecured Loans	30,000
Deferred Tax Liability	1,603		
Application of Funds			
Net Fixed Assets	10,179	Investments	-
Net Current Assets	299,638	Misc. Expenditure	-
Accumulated Losses	-		
4 Performance of company (Amount in Rs. Thousands)			
Gross Income***	441,510	Total Expenditure	#REF!
*** Includes Other Income			
+ / - Profit / Loss Before Tax	20,678	+ / - Profit / Loss After Tax	878
Earning Per Share in Rs.(Basic & Diluted)	87.76	Dividend Rate %	-
5 Generic Names of Three Principal Products / Services of Company (as per monetary terms)			
Item Code No. :	NA	Product Description	Rendering of Consulting Services

For and on behalf of the Board

G Subba Rao
Director

Avinash Shah
Director

Place: Bangalore
Date: 5th May 2011

GMR Consulting Services Private Limited

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Statement on Significant Accounting Policies and Notes to the Accounts

I. Significant Accounting Policies

A. Basis of Preparation of Financial Statements:

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards as specified in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

B. 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.

C. Revenue Recognition:

- i) Income from management/technical/consultancy services is recognised as per the terms of the agreement on the basis of services rendered.
- ii) Interest on investments and bank deposits are booked on a time proportionate basis taking into account the amounts invested and the rate of interest.

D. Fixed Assets

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of 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.

Capitalised Software are stated at the consideration paid for acquisition less accumulated amortization.

E. Depreciation:

Depreciation is provided on a pro-rata basis on Straight Line Method at rates specified in Schedule XIV to the Companies Act, 1956, except for the Assets individually costing less than Rs. 5 000/- is depreciated fully in the year of acquisition.

F. Borrowing cost:

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are Capitalised as part of the cost of such assets till the period such assets are ready to put to use. A qualifying asset is one that takes substantial period of time to get ready for its

GMR Consulting Services Private Limited

Schedule 14

intended use or sale. Other borrowing costs not attributable to the acquisition of any capital asset or investments are recognised as expenses in the period in which they are incurred.

G. Leases

As Lessee:

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised 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.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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 recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

As Lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss account on a straight line basis over the lease term. Costs including depreciation are recognised as an expense in Profit and Loss account. Initial direct cost such as legal cost, brokerage cost, etc. are recognised immediately in the Profit and Loss account.

H. Impairment

All the fixed assets including intangible assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment (being the excess of 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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

I. 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

GMR Consulting Services Private Limited

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investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Cost of acquisition is inclusive of expenditure incidental to acquisition.

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 in respect of accounting periods commencing on or after December 07, 2006, 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 amortised over the balance period of such long-term asset/ liability but not beyond accounting period ending on or before March 31, 2011.

K. Retirement Benefits:

a) Defined Contribution Plans

Contributions paid/payable to defined contribution plans comprising of provident fund, pension fund, superannuation fund etc. in accordance with the applicable laws and regulations are recognised as expenses 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 such plans beyond its contributions.

b) Defined Benefit Plan

The liability as at the Balance Sheet date is provided for based on the actuarial valuation, under 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 recognised immediately in the Profit and Loss account as an income or expense.

c) Other Long term employee benefits

Employee benefits including 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

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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 recognised immediately in the Profit and Loss account as an income or expense..

d) Short term employee benefits

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

J. Earnings per share:

Basic EPS 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.

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

K. Taxes on Income:

Tax expense comprises of current and deferred taxes. Current tax is determined 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 taxable incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are measured on the timing differences applying the tax rate 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 recognised only to the extent that there is reasonable/virtual certainty supported by convincing evidence that sufficient future tax 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 recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognised 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 realised.

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 realised. 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.

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Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the entities in the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the 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 entities in the Group 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 entities in the Group will pay normal Income Tax during the specified period.

L. 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.

M. 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 their 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.

N. 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

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II. Notes to the Accounts

1. Nature of Business:

GMR Consulting Services Private limited provides consultancy services to companies engaged in Power Projects.

2. Employee benefits

The disclosures as required as per the revised AS 15 are as under:

The company has determined the liability for gratuity and long term compensated absences in accordance with revised AS 15.

Disclosures as envisaged in revised AS 15 in respect of Gratuity and leave encashment are given below:

a) Defined Contribution plan

Contribution to Provident and other funds under Manpower & Other Expenses (Schedule 11) are as under:

Particulars	(Amount in Rupees)	
	2011	2010
Contribution to Provident & Pension fund	6,086,122	3,947,141
Contribution to Superannuation fund	2,412,454	2,110,034
Total	8,498,576	6,057,175

b) Defined Benefit Plan - As per Actuarial Valuation as at 31st March, 2011 {Funded}

The Company is 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 CWIP and the funded status and amounts recognised in the Balance Sheet for gratuity benefit.

Particulars	Year Ended 31 st March11	Year Ended 31 st March10
Change in Obligations		
Obligation at the beginning of the year	2,016,345	-
New Acquisition	-	-
Current Service Cost	2,370,625	2,016,345
Interest Cost	155,140	-
Past Service Cost		
Loss (Gain) recognised in the year	(82,782)	-
Benefits Paid	(154,201)	-
Adjustment for the transfer		

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Obligation at the end of the period	4,305,127	2,016,345
<u>Amounts recognized in the balance sheet</u>		
Obligation at the end of the period	4,305,127	2,016,345
Fair value of plan assets at the end of the period	3,917,170	2,269,621
Less : Unrecognised past service Cost		
Funded status of the plans-asset/(liability)	(387,957)	253,276
Assets/(Liability) recognized in the balance sheet	(387,957)	253,276
<u>Change in Plan assets</u>		
Opening Fair value of plan assets	2,269,621	-
New Acquisition		
Current Service Cost	-	-
Expected return	238,597	86,867
Contributions	1,486,764	2,216,446
Benefits Paid	(154,201)	(44,774)
Net actuarial gain/(loss)	76,389	11,082
Adjustment for the transfer		
Closing fair value of Plan assets	3,917,170	2,269,621
<u>Expenses recognised in P&L Account</u>		
Current Service Cost	2,370,625	2,016,345
Interest Cost	155,140	-
Expected return on plan assets	(238,597)	-
Loss (Gain) recognised in the year	(159,171)	-
Past Service Cost		-
Net benefit expenses	2,127,997	2,016,345
Actual Return on Plan Assets	334,405	144,513
<u>Assumption</u>		
Discount Rate	8.00%	8.00%
Estimated rate of return on plan assets	8.00%	8.00%
Expected rate of salary increase	6.00%	6.00%
Attrition Rate	5.00%	5.00%
Retirement expectancy - Years	60	60

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The Company to contribute Rs. 500,000/- (2010: Rs. 50,000/-) towards gratuity fund in 2011-2012.

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

Particulars	2011	2010
	%	%
Investments with insurer managed funds	100%	100%

Notes :

- The estimates of future salary increases, considered in actuarial valuation, take into consideration for inflation, seniority, promotion and other relevant factors.
- 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.

c) Amounts for the current and prior periods are as follows:

Particulars	Gratuity			
	2011	2010	2009	2008
Defined benefit obligation	4,305,127	2,016,345	-	-
Plan assets	3,917,170	2,269,621	-	-
Surplus / (deficit)	(387,957)	253,276	-	-
Experience adjustments on plan liabilities	(82,782)	-	-	-
Experience adjustments on plan assets	76,389	11,082	-	-

d) Liability towards Leave Encashment based on Actuarial valuation amounts to Rs.6,157,120/- as at 31st Mar'11 (31st Mar'10 - Rs.2,688,431).

e) Liability towards Leave Travel Allowance (LTA) based on Actuarial valuation amounts to Rs. 3,250,139/- as at 31st Mar'11 (31st Mar'10 - Rs. 1,722,358).

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

a) Details of Managerial remuneration (Para 4A):-

Particulars	Amount in Rupees	
	Year Ended March 31,2011	Year Ended March 31,2010
i) Salaries and Allowances	-	-

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ii) Company's Contribution to Provident fund and Other funds	-	-
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b) Information in regard to amounts paid to the auditor, whether as fees, expenses or otherwise for services rendered (Para 4B):-

Particulars	Amount in Rupees	
	Year Ended March 31,2011	Year Ended March 31,2010
a) As Auditor		
- Statutory Audit Fees (including S.Tax)	27,575/-	22,060/-
- Tax Audit Fees (including S.Tax)	22,060/-	11,030/-
- Others	51,841/-	Nil
b) As adviser, or in any other capacity, in respect of		
- Taxation Matters	Nil	Nil
- Company Law Matters	Nil	Nil
- Management Services	Nil	Nil
c) In any other Manner	Nil	Nil

c) Expenditure in Foreign Currency (Para 4D):-

Particulars	Amount in Rupees	
	Year Ended March 31,2011	Year Ended March 31,2010
a) Expenditure in Foreign Currency		
- Royalty/Knowhow	-	-
- Professional/Consultation fees	24,027,541	-
- Interest	-	-
- Other Matters -Foreign Travel	4,950,656	9,562,023
- Other Matters -Membership Prof Bodies/Subscription fees	1,732,791	-
- Other Matters - Software	191,077	-
b) Earnings in Foreign Currency		
- Professional and Consultation fees	150,162,675	213,463,876

4. Related Party transactions

a) Names of Related Parties and description of Relationship.

Related Party list for GMR Consulting Services Private Limited	
(i)Enterprises that control the Company	GMR Energy Limited (GEL) (Holding Company)
	GMR Renewable Energy Limited
	GMR Infrastructure Limited
	GMR Holdings Private Limited (GHPL)
(ii) Fellow Subsidiary Companies	GMR Mining & Energy Private Limited
	GMR Power Corporation Limited (GPCL)
	GMR Vemagiri Power Generation Limited (GVPGL)
	EMCO Energy Limited
	GMR Coastal Energy Private Limited

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GMR Bajoli Holi Hydropower Private Limited (GBHHPL)
Himtal Hydropower Company Private Limited (HHCPL)
GMR Energy (Mauritius) Limited (GEML)
GMR Upper Karnali Hydropower Company Private Limited (GUKCPL)
GMR Lion Energy Limited (GLEL)
GMR Chhattisgarh Energy Limited (GCEL)
GMR Kakinada Energy Private Limited
GMR Energy (Cyprus) Limited (GECL)
GMR Energy (Netherlands) B. V. (GENBV)
GMR Londa Hydropower Private Limited (LHPL)
GMR (Badrinath) Hydro Power Generation Pvt. Ltd.(GBHPL)
PT Barasentosa Lestari (PT BSL), Indonesia
PT Dwikarya Sejati Utama (PT DSU), Indonesia
PT Dutasarana Internusa (PT DSI),Indonesia
PT Unsoco, Indonesia
GMR Maharashtra Energy Limited
GMR Rajahmundry Energy Limited
SJK Powergen Limited
Badrinath Hydro Power Generation Private Limited
GMR Bundelkhand Energy Pvt Limited
GMR Uttarpradesh Energy PvtLimited
Homeland energy Group Limited
GMR Gujarat Solar Power Private Limited
Karnali Transmission company Private Limited
Marsyangdi Transmission Company Private Limited
Lion Energy Tuas Pte Ltd, Singapore
Maru Transmission Service Company Limited
Aravali Transmission Service Company Limited
GMR Indo Nepal Energy Links Limited
GMR Hosur Energy Limited
GMR Sports Pvt Ltd
Delhi Golf Link Properties Pvt. Ltd
Delhi International Airport
East Delhi Waste Processing Co. Pvt
GMR Corporate Affairs Pvt Ltd
Raxa Security Services Limited
GMR Indo-Nepal Power Corridors Limited
GMR Kamalanga Energy Limited

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(iii)	Enterprises where significant influence exists	
(iv)	Enterprises where key management personnel and their relative exercise significant influence	
(v)	Key Management Personnel	

b) Details of Transactions are given below (All amounts are in Rupees):

A. Receivables - Closing Balances as on 31st Mar'11

Name of the Company	Year Ended March 31,2011	Year Ended March 31,2010
GMR Badrinath Hydro Power Generation Pvt Ltd	51,085,445	17,260,322
GMR Bajoli Holi Hydropower Pvt Ltd	50,032,080	12,392,205
GMR Londa Hydropower Private Ltd	40,728,275	3,648,173
GMR Upper Karnali Hydropower Ltd	13,125,413	69,630,975
Himtal Hydropower Company Ltd	9,220,213	31,223,251
GMR Infrastructure Limited	1,736,371	1,749,497
PTBSL	34,983,500	97,427,250
GMR KAMALANGA ENERGY LTD	33,090,000	NIL
EMCO ENERGY LIMITED	24,817,500	NIL
GMR SJK POWER GEN LTD.	16,545,000	NIL
GMR CHHATTISGARH ENERGY(33,090,000	NIL
GMR RAJAHMUNDRY ENERGY LT	38,605,000	NIL
DELHI GOLF LINK PROPRTIE	10,000,000	

B. Payables - Closing Balances as on 31st Mar'11

Name of the Company	Year Ended March 31,2011	Year Ended March 31,2010
GMR Energy Limited (ICD)	30,000,000	125,000,000
GMR Energy Limited (Share Application)	276,300,000	100,700,000

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C. Income from Consultancy Services Apr to Mar'11

Name of the Company	Year Ended March 31,2011	Year Ended March 31,2010
GMR Badrinath Hydro Power Generation Pvt Ltd	46,315,000	22,700,000
GMR Bajoli Holi Hydropower Pvt Ltd	45,360,000	21,400,000
GMR Londa Hydropower Private Ltd	36,925,000	6,300,000
GMR Upper Karnali Hydropower Ltd	9,751,232	69,630,975
Himtal Hydropower Company Ltd	6,965,168	46,405,652
GMR Infrastructure Limited	1,402,500	1,586,126
PTBSL	133,446,275	97,427,250
GMR SJK POWER GEN LTD.	15,000,000	NIL
East Delhi Waste Processing Co. Pvt	21,000,000	NIL
GMR Chhattisgarh Energy(p)Ltd	30,000,000	NIL
GMR KAMALANGA ENERGY LIMITED	30,000,000	NIL
GMR EMCO Energy Limited	30,000,000	NIL
GMR Rajahmundhry Energy Ltd	35,000,000	NIL

D. Expenditure Incurred from April to Mar'11.

Name of the company	Nature of Expense	Year Ended March 31,2011	Year Ended March 31,2010
GMR Energy Limited	Interest	5,234,438	12,905,375
GMR Sports Pvt Ltd	Business Promotion	7,241,000	NIL
Delhi Golf Link Properties Pvt. Ltd	Rent	12,705,000	NIL
Delhi International Airport	Rent	4,132,445	NIL
GMR Corporate Affairs Pvt Ltd	Rent	153,866	NIL
Raxa Security Services Limited	Accommodation Charges	543,100	NIL

Note: Transactions and Outstanding balances in the nature of Reimbursement of Expenses incurred by one company on behalf of the other have not been considered above.

5. The Company has entered into certain cancelable operating lease agreements mainly for office premises. The lease rentals charged during the year as per the agreement are as follows:

Amount in Rupees

Particulars	Year Ended March 31,2011	Year Ended March 31,2010
Lease Rentals under cancelable leases	17,153,126	13,763,643
Lease Rentals under non-cancelable leases	-	-

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6. Earnings per Share (EPS)

Particulars	Year Ended March 31,2010	Year Ended March 31,2010
Nominal value of Equity Shares(Rs. Per share)	10	10
Total No. of Equity Shares outstanding at the beginning of the Period/Year	10,000	10,000
Total No. of Equity Shares outstanding at the end of the Period/Year	10,000	10,000
Weighted average No. of Equity shares for Basic earnings per Share	10,000	10,000
Weighted average No. of Equity shares for Diluted earnings per Share	10,000	10,000
Profit / (Loss) as per Profit and loss Account	877,580	936,526
Profit/ (Loss) for Earning per share	877,580	936,526
Basic Earnings per Share (EPS)	87.76	93.65
Diluted Earnings per Share (EPS)	87.76	93.65

- 7.** Balances shown under Loans and Advances Creditors and Advances to suppliers are subject to confirmation.
- 8.** There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at 31st March, 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.

9. Segment Reporting

The company is engaged primarily in the business of providing consultancy services. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (AS-17) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the company.

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10. Deferred Tax

- a. Deferred tax assets and liability are being offset as they relate to taxes on income levied by the same governing taxation laws.
- b. Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax charge:

Particulars	Amount (Rs)	Amount (Rs)	Amount (Rs)
	Opening	Charged/ (Credited) to P&L	Closing
Deferred Tax Liabilities:			
<i>Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return</i>	412,482	1,190,962	1,603,444
Total (A)	412,482	1,190,962	1,603,444
Deferred Tax Assets:			
<i>Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return</i>	Nil	Nil	Nil
Total (B)	Nil	Nil	Nil
Total (A-B)	412,482	1,190,962	1,603,444

11. Previous year's figures have been re-grouped and reclassified, wherever necessary, to conform to those of current year.

For Girish Murthy & Kumar
Chartered Accountants

For and on behalf of Board

A V Satish Kumar
Partner
M.No.26526

Avinash R Shah
Director

G. Subba Rao
Director

Place: Bangalore
Date: 5th May 2011

Place: Bangalore
Date: 5th May 2011