

Luthra & Luthra

Chartered Accountants

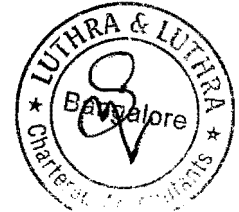
AUDITOR'S REPORT

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

We have audited the attached Balance sheet of M/s GMR JADCHERLA 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

Tel: 26148048, 26151853, 26147365 Fax: 26145222

Branch: F-2, Srihari Apartments, 19/1 (Old No. 37), 5th Cross, 9th Main, Sadashiv Nagar, Bangalore - 560 080

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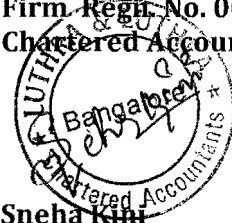
Further to our comments in the Annexure referred to above, we report that:

- (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, 1956;
- (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.

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



Sneha Kini
ICAI. M. No. 220480
Partner

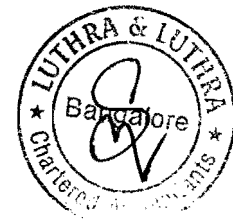
Date: May 18, 2011
Place: Bengaluru

ANNEXURE TO AUDITOR'S REPORT

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

Para 4

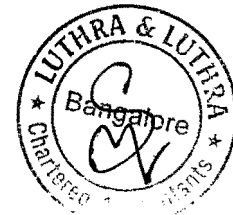
Clause		Particulars
(i)	(a)	The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
	(b)	According to the information and explanation given to us, the management of the Company at reasonable intervals has physically verified the 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)		<p>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.</p> <p>The Company earned cash losses amounting to Rs. NIL during the year ended March 31, 2011 and Rs. 2,55,44,996/- during the year ended March 31, 2010.</p>
(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

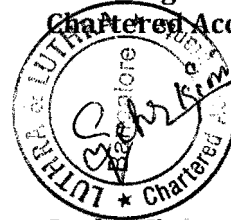


(xiv)	The Company is not dealing or trading in shares, securities, debentures and other investments, However, the Company has maintained proper records in respect of investments made and also made entries from time to time, in respect of the investment held by the Company.
(xv)	As per the information 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 18, 2011
Place: Bengaluru**

Particulars	Schedule No	As at March 31, 2011		As at March 31, 2010	
I. Sources of Funds					
1. Shareholders' Funds					
a) Share Capital	1		1,970,000,000		1,970,000,000
2. Loan Funds					
a) Secured Loans	2		3,251,902,500		3,284,750,000
Total			5,221,902,500		5,254,750,000
II. Application of Funds					
1. Fixed Assets	3				
(a) Gross Block		5,161,538,689		5,157,538,726	
(b) Less : Depreciation		347,424,052		212,979,110	
(c) Net Block		4,814,114,636	4,814,114,636	4,944,559,616	4,944,559,616
2. Investments	4		135,438,921		68,103,483
3. Current Assets, Loans and Advances					
(a) Cash and Bank Balances	5	11,104,588		13,956,121	
(b) Loans and Advances	6	15,333,686		13,168,821	
		26,438,274		27,124,942	
Less : Current Liabilities and Provisions	7				
(a) Liabilities		11,492,989		12,456,071	
(b) Provisions		2,538,596		1,961,978	
		14,031,585		14,418,049	
Net Current Assets			12,406,690		12,706,893
5. Profit and Loss Account (Debit Balance)	8		259,942,254		229,380,008
Total			5,221,902,500		5,254,750,000
Statement on Significant Accounting Policies and Notes to Accounts	15				

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-
O Bangaru Raju
Director

- Sd-
N C Sarabeswaran
Director

- Sd-
Supriya Kulkarni
Company Secretary

Place: Bengaluru
Date: 18.05.2011

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

(Amount in ₹)

Particulars	Schedule No	For the Year ended March 31, 2011	For the Year ended March 31, 2010
I. Income			
Toll Income	9	511,895,261	417,842,904
Other Income	10	10,940,252	8,278,711
Total Income		522,835,513	426,121,615
II. Expenditure			
Operating & Maintenance Expenses	11	47,891,277	38,323,197
Manpower Cost	12	22,423,290	28,663,014
Administration & Other Expenses	13	21,123,669	27,890,040
Interest & Finance Charges	14	327,464,175	356,459,423
Depreciation		134,495,347	188,722,164
Total Expenditure		553,397,759	640,057,839
III. Profit Before Taxation		(30,562,245)	(213,936,224)
- Current Income Tax		-	330,936
IV. Profit After Taxation		(30,562,245)	(214,267,160)
Surplus/ Deficit brought forward from Previous Year		(229,380,008)	(15,112,848)
V. Available Surplus Carried to Balance Sheet		(259,942,254)	(229,380,008)
Earnings per Share			
Basic & Diluted Earnings Per Share - (in Rs.)		(0.26)	(1.82)
Statement on Significant Accounting Policies and Notes to Accounts	15		

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-
O Bangaru Raju
Director

- Sd-
N C Sarabeswaran
Director

Place: Bengaluru
Date: 18.05.2011

- Sd-
Supriya Kulkarni
Company Secretary

GMR JADCHERLA 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	(30,562,245)	(213,936,223)
	Adjustment for:		
	Depreciation	134,495,347	188,722,163
	Interest Income	(167,958)	-
	Income from Investments	(6,957,922)	(4,741,148)
	Interest and Finance Charges	327,464,175	356,459,423
	Operating Profit Before Working Capital Changes	424,271,397	326,504,215
	Adjustment for:		
	Changes in Trade and Other Receivables	(2,164,866)	9,828,964
	Changes in Trade Payables	(386,464)	(377,994,060)
	Cash Generated from Operations	421,720,067	(41,660,881)
	Income Tax paid	-	(248,528)
	Net Cash Flow from Operating Activities	421,720,067	(41,909,409)
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets (Net)	(4,050,368)	47,940,762
	(Purchase) / Sale of Investments (Net)	(67,335,437)	127,526,735
	Income from Investments	6,957,922	4,741,148
	Interest received	167,958	-
	Net Cash Flow from Investing Activities	(64,259,925)	180,208,645
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Share Capital including Share Application Money	-	791,750,000
	Proceeds/ (Repayments) from/ of Secured Loans (net)	(32,847,500)	(250,000,000)
	Proceeds/ (Repayments) from/ of Unsecured Loans (net)	-	(320,000,000)
	Finance Charges Paid	(327,464,175)	(356,459,423)
	Net Cash Flow from Financing Activities	(360,311,675)	(134,709,423)
	Net Increase/ (Decrease) in Cash and Cash Equivalents	(2,851,533)	3,589,812
	Cash and Cash Equivalents at the beginning of the year	13,956,121	10,366,309
	Cash and Cash Equivalents at the end of the year	11,104,588	13,956,121

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-
O Bangaru Raju
Director

- Sd-
N C Sarabeswaran
Director

- Sd-
Supriya Kulkarni
Company Secretary

Place: Bengaluru
Date: 18.05.2011

GMR JADCHERLA 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
<p>Secured Loans</p> <p>Rupee Term Loans From Banks</p> <p>(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 35,347,501 equity shares held by GMR Highways Limited (the Holding Company)</p>	<p>3,251,902,500</p>	<p>3,284,750,000</p>
Total	3,251,902,500	3,284,750,000

Schedule 3 - 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	5,139,910,016	3,939,250	-	5,143,839,266	208,725,266	132,763,002	-	341,488,268	4,802,350,998	4,931,184,750
Plant and Machinery	6,288,103	-	-	6,288,103	375,674	332,012	-	707,686	5,580,417	5,912,429
Computers	1,695,054	103,934	63,821	1,735,167	944,998	276,906	50,405	1,171,498	563,669	750,056
Office Equipments	1,538,115	30,600	-	1,568,715	410,786	62,063	-	472,849	1,095,866	1,127,329
Vehicles	3,214,668	-	-	3,214,668	526,665	305,393	-	832,058	2,382,610	2,688,003
Furniture and Fixtures	293,462	-	-	293,462	165,254	10,423	-	175,677	117,785	128,208
Capitalised Software	4,599,308	-	-	4,599,308	1,830,469	745,548	-	2,576,017	2,023,291	2,768,839
Total	5,157,538,726	4,073,784	63,821	5,161,538,689	212,979,110	134,495,347	50,405	347,424,052	4,814,114,636	4,944,559,616
Previous Year	5,205,479,488	412,862	48,353,624	5,157,538,726	24,256,946	188,722,164	-	212,979,110	4,944,559,617	5,181,222,543

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

(Amount in ₹)

Schedule 4	As at March 31, 2011	As at March 31, 2010
Investments		
Current		
Other Than Trade - Unquoted		
ICICI Prudential Super Institutional - Growth *		
[936,001.779 Units of Rs. 144.6994 per unit]	135,438,921	68,103,483
Total	135,438,921	68,103,483

* Net Asset Value as at March 31, 2011 - Rs. 135,743,003/- (March 31, 2010 : 68,155,256/-)

(Amount in ₹)

Schedule 5	As at March 31, 2011	As at March 31, 2010
Cash and Bank Balances		
Cash on hand	4,558,558	4,096,103
Balances with scheduled banks		
- On Current accounts	6,546,030	9,860,018
Total	11,104,588	13,956,121

(Amount in ₹)

Schedule 6	As at March 31, 2011	As at March 31, 2010
Loans & Advances and Deposits		
(Unsecured, Considered Good unless otherwise stated)		
Loans to Employees	-	90,636
Advances recoverable in cash or in kind or for value to be received	6,943,249	4,295,389
Deposits with Government Authorities	725,458	347,194
Deposits with others	7,284,160	7,306,880
Advance Tax (Net of Provision)	380,819	1,128,722
Total	15,333,686	13,168,821

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

(Amount in ₹)

Schedule 7	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	8,126,065	7,649,943
Retention Money	3,003,419	4,467,817
Other Liabilities	363,505	338,311
	11,492,989	12,456,071
B) Provisions		
Provision for Gratuity & Leave Encashment	661,896	1,447,228
Provisions for expenses	511,484	514,750
Provision for Employee Benefits	1,365,216	-
	2,538,596	1,961,978
Total	14,031,585	14,418,049

(Amount in ₹)

Schedule 8	As at March 31, 2011	As at March 31, 2010
Profit and Loss Account (Debit Balance)		
Opening Balance	229,380,008	15,112,848
Net Income (Loss) of Current Year	30,562,245	214,267,160
Closing Balance	259,942,254	229,380,008
Total	259,942,254	229,380,008

GMR JADCHERLA EXPRESSWAYS PRIVATE LIMITED.

Schedules annexed to and forming part of Profit and Loss Account

(Amount in ₹)

Schedule 9	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Toll Income		
Toll Income	511,895,261	417,842,904
Total	511,895,261	417,842,904

(Amount in ₹)

Schedule 10	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 5,706/-)	167,958	-
Profit on Sale of Investments (Tax Deducted at Source - Nil)	6,957,922	4,741,148
Miscellaneous Income	2,999,555	3,537,563
Provision written back	814,817	-
Total	10,940,252	8,278,711

(Amount in ₹)

Schedule 11	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Operation & Maintenance Expenses		
Maintenance Expenses	14,893,662	10,350,340
Toll Management Services	23,216,085	21,021,573
Electricity Charges	4,248,994	4,130,134
O&M Insurance	4,001,238	2,013,194
R & M - Plant & Machinery	1,409,760	20,000
Other Repairs	64,946	56,607
Other Misc. Expenses	43,991	187,154
O&M Others	12,601	8,261
Other Maintenance	-	16,230
Staff Welfare	-	217,808
O&M-Movement	-	117,674
O&M Communication	-	29,308
O&M Consultancy	-	154,913
Total	47,891,277	38,323,197

GMR JADCHERLA EXPRESSWAYS PRIVATE LIMITED.
Schedules annexed to and forming part of Profit and Loss Account

(Amount in ₹)

Schedule 12	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Manpower Cost		
Salaries, allowances and benefits to employees	19,915,712	26,078,399
Contribution to provident fund and others	1,147,120	1,329,388
Staff welfare expenses	1,360,458	1,255,227
Total	22,423,290	28,663,014

(Amount in ₹)

Schedule 13	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Administrative Expenses		
Rent	3,863,808	5,829,247
Repairs and Maintenance	1,444,500	1,847,771
Other Repairs	640	-
Rates and Taxes	1,742,508	2,442,832
Insurance	46,223	109,805
Consultancy Charges	4,864,023	5,339,083
Director Sitting Fees	140,000	100,000
Remuneration to auditors		
Statutory Audit Fees (TDS: Rs.27,575/-)	275,750	270,600
Tax Audit Fees (TDS: Rs. 5,515/-)	55,150	54,120
Other Certifications Fees (TDS Rs. 2,430/-)	24,268	59,013
Out of Pocket Expenses	-	-
Utilities	512,306	1,545,994
Advertisement	63,000	-
Inland Travel	434,363	1,278,866
Foreign Travel	-	56,235
Airtime Sharing	3,540,079	3,782,500
Vehicle Maintenance (Including Taxi Hire & Conveyance)	2,188,964	2,563,405
Telephone & Mobile charges	670,375	617,240
Courier & Postage charges	24,200	8,166
Gifts & Compliments	60,717	189,878
Security Charges	330,757	342,100
Printing & Stationaries	678,804	853,375
Donations	1,016	752
Books & Periodicals	2,263	18,787
Membership & Subscriptions	-	62,665
Fixed Assets written off	13,416	-
Miscellaneous Expenses	146,539	517,608
Total	21,123,669	27,890,040

(Amount in ₹)

Schedule 14	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Interest and Finance Charges		
Interest on Secured Loans	316,073,780	328,500,318
Interest on Unsecured Loans	-	18,334,246
Finance charges	11,390,395	9,624,859
Total	327,464,175	356,459,423

GMR JADCHERLA EXPRESSWAYS PRIVATE LIMITED.
Balance Sheet Abstract And Company's General Business Profile

1 Registration Details			
Registration No.	U45200KA2005PTC049326	State Code	08
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	5,235,934	Total Assets	5,235,934
Sources of Funds			
Paid - Up Capital	1,970,000	Share Appl. Money/Calls in advance	-
Reserves & Surplus	-	Unsecured Loans	-
Secured Loan	3,251,903		
Application of Funds			
Net Fixed Assets	4,814,115	Investments	135,439
Net Current Assets	12,407	Misc. Expenditure	-
Accumulated Losses	259,942		
4 Performance of company (Amount in Rs. Thousands)			
Total Income	522,836	Total Expenditure	553,398
+ (-) Profit / (Loss) before Tax	(30,562)	+ (-) Profit / (Loss) after Tax	(30,562)
Earnings (Loss) per Share (Rs.)	(0.26)	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-
O Bangaru Raju
 Director

- Sd-
N C Sarabeswaran
 Director

- Sd-
Supriya Kulkarni
 Company Secretary

Place: Bengaluru
 Date: 18-05-2011

GMR JADCHERLA EXPRESSWAYS PRIVATE LIMITED

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

Schedule 15

Statement on Significant Accounting Policies and Notes to Accounts

I. Significant Accounting Policies

1. Accounting Assumptions

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 recognised 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 February 20, 2006 to construct and operate a carriage way for Farukhnagar-Jadcherla Section on National Highway No. 7 in the state of Andhra Pradesh till the period ending 19th August 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

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 February 20, 2006, the company has a right to use the roads for the period ended 17th August 2026. The useful life is hence 17.5 years i.e, from the Commercial Operation Date (12th February 2009) to 19th August 2026.

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 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

a) 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.

b) Defined Benefit Plan

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognized in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation 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.

c) 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.

d) 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. 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 income 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.

10. 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 on 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 Farukhnagar - Jadcherla section on National Highway 7 in the state of Andhra Pradesh on Build, Operate and Transfer (BOT) basis and the project is under implementation.

3. In accordance with the terms of the 'Concession Agreement' entered into with National Highways Authority of India (NHAI), dated February 20, 2006, the company has an obligation to pay an amount of Rs.827, 000,000/- by way of Negative Grant over the concession period. The entire sum of Negative Grant payable as per the Concession Agreement (i.e., Rs. 827, 000,000/-) has been paid. The total Negative Grant paid has been recognized in the financials by way of capitalization in the cost of carriageway.

4. Taxes on Income:

a. Deferred taxes 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 taxes 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 would be reversed within tax holiday period.

5. Related Party Transactions

a) Names of related parties and description of relationship

(i)	Enterprises that control the Company	GMR Infrastructure Company (GIL) (parent Company) GMR Highways Limited (earlier known as GMR Highways Private Limited) (GHWL) (Holding Company) GMR Holdings Private Limited (GHPL)
(ii)	Fellow Subsidiaries	GMR Aviation Private Limited (GAPL) GMR Tuni Anakapalli Expressways Private Limited GMR Tambaram-Tindivanam Expressways Pvt Ltd (GJE) GMR Hyderabad International Airport Limited (GHIAL) GMR Ambala Chandigarh Expressways Private Limited (GACE) GMR Airports Holding Private Limited (erstwhile, GVL Investments Private Limited) (GAHPL) GMR Hyderabad Vijayawada Expressways Private Limited (GHEVPL) GMR Corporate Affairs Private Limited (GCAPL) GMR Ulundurpet Expressways Pvt Ltd (GUEPL) GMR Pochanpalli Expressways Ltd (GPEL) (earlier known as GMR Pochanpalli Expressways Private Limited) (GPEPL)
(iii)	Enterprise where Key Management Personnel and their relatives exercise significant influence	Raxa Securities Services Limited (RSSL) GMR Chennai Outer Ring Road Private Limited GMR Varalakshmi Foundation (GVF) GMR Bannerghatta Properties Private Limited (GBPPL) GMR Projects Private Limited (GPPL)
(iv)	Key Management Personnel	Mr. O Bangaru Raju Mr. Venkata Sathya Siva Prasad Raparathi, Manager (w.e.f November 1, 2009) Mr. Mula Phani Kumar (w.e.f. November 1, 2010)

6. Summary of transactions for the Financial Year ended March 31,2011 with the above related parties is as follows:

(Amount in ₹)

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)
Capital Expenditure towards Engineering, Procurement and Construction contract (including mobilization advances)-GPPL (Refer Note (i) below)	- (-)	- (-)	1,545,000 Dr (39,373,291 Dr)	- (-)	1,845,690 Cr (3,390,140 Cr)
Share Capital Alloted (Preference)					
GIL	- (531,000,00) Cr	- (-)	- (-)	- (-)	- (-)
GTAE	- (-)	- (125,000,000) Cr	- (-)	- (-)	- (-)
GTTE	- (-)	- (125,000,000) Cr	- (-)	- (-)	- (-)
GHWL	- (10,750,000) Cr	- (-)	- (-)	- (-)	- (-)
Fee for utilisation of Aircraft - GAPL	- (-)	3,540,079 Dr (3,782,500 Dr)	- (-)	- (-)	- (-)
Charges for Security and other services paid - RSSL	- (-)	- (-)	16,475,762 Dr (13,942,648 Dr)	- (-)	1,607,753 Cr (1,207,164) Cr
Repayment of Subordinate Debt	- (-)	- (320,000,000) Dr	- (-)	- (-)	- (-)
GAHPL (formerly GVL)					
Interest on Subordinate Debt - GAHPL (formerly GVL)	- (-)	- (18,334,246) Dr	- (-)	- (-)	- (-)
Trade & Logo Licence Fees – GHPL	1,172 Dr (1,000) Dr	- (-)	- (-)	- (-0)	1,091 Cr (1,000) Cr
Charges for maintenance of Highways - GHWL	12,253,428 Dr (10,002,056) Dr	- (-)	- (-)	- (-)	1,955,736 Cr (1,063,589) 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)
Tollway and Highway Maintenance Charges - GHWL	7,200,000 Dr (7,200,000) Dr	- (-)	- (-)	- (-)	- (-)
Security Deposit - GHWPL	- (2,000,000) Dr	- (-)	- (-)	- (-)	20,00,000 Dr (20,00,000) Dr
Rent Deposits-GMRBPPL	- (-)	- (-)	- (13,450,680)Dr	- (-)	(5,161,320) Dr (5,161,320)Dr
Rent Paid – GMRBPPL	- (-)	- (-)	3,385,008 Dr (5,246,566) Dr	- (-)	- (-)
Remuneration Mr. Venkata Sathya Siva Prasad (upto 30/4/2010)	- (-)	- (-)	- (-)	319,147 Dr (520,534) Dr	- (-)
Mr Mula Phani Kumar (wef 1/10/2010)	- (-)	- (-)	- (-)	1,669,658 Dr (-)	- (-)

1. Transactions and outstanding balances in the nature of reimbursement of expenses incurred by one company on behalf of another has not been considered above.

2. Previous year figures are mentioned in brackets.

7. The Company has entered into certain operating lease agreements and an amount of Rs. 3,863,808/- (2010: Rs. 5,782,366/-) paid during the year under such agreements.

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:

(Amount in ₹)

Particulars	2011	2010
Contribution to provident fund	1,384,790	1,641,536
Contribution to superannuation fund	308,278	500,366
	1,693,068	2,141,902

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	106,428	314,157
Interest cost on benefit obligation	36,900	66,202
Expected return on plan assets	(108,297)	(116,322)
Net actuarial(gain) / loss recognised	(243,354)	(473,139)
Past service cost	-	-
Net benefit expense	(208,323)	209,102
Actual return on plan assets	121,834	116,322

Balance sheet

(Amount in ₹)

	2011	2010
Defined benefit obligation	595,383	708,946
Fair value of plan assets	1,477,581	1,353,716
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	882,198	644,770

Changes in the present value of the defined benefit obligation:

(Amount in ₹)

	2011	2010
Opening defined benefit obligation	708,946	778,184
New Acquisitions	-	-
Interest cost	36,900	66,202
Current service cost	106,428	314,157
Past service cost	-	-
Benefits paid	-	25,798
Adjustment on transfer	-	-
Actuarial (gains) / losses on obligation	(256,891)	(475,395)
Closing defined benefit obligation	595,383	708,946

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

(Amount in ₹)

	2011	2010
Opening fair value of plan assets	1,353,716	1,263,192
New Acquisition	-	-
Expected return	108,297	116,322
Contributions by employer	-	-
Benefits paid	-	25,798
Actuarial gains / (losses)	15,568	(51,596)
Adjustment on transfer	-	-
Closing fair value of plan assets	1,477,581	1,353,716

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 based on actuarial valuation as on March 31, 2011 was Rs.269,266 (March 31, 2010: Rs. 573,267)

9. 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 Rs)	No of Units	Amount (in Rs)
1	ING Liquid Cash Plan – Growth Option	- (-)	- (-)	- (-)	- (-)
2	UTI Liquid Cash Plan Institutional - Growth Option	- (203,519)	- (295,370,019)	- (203,519)	- (297,152,223)
	UTI Liquid Cash Plan Institutional - Growth Option	- (7,955,261)	- (195,630,218)	- (7,955,261)	- (195,950,019)
3	ICICI Prudential Institutional Liquid Plan – Super Institutional Daily Dividend	- (-)	- (-)	- (-)	- (-)
4	ICICI PRU.INST.LIQUID PLAN SUP.INST.GROW-F.V 100	7,336,318 (6,127,205)	1,101,235,483 (829,581,660)	6,901,154 (6,127,205)	971,960,779 (830,580,124)
5	ICICI Prudential Flexible Income Plan Premium - Growth	819,741 (2,274,205)	140,962,712 (387,883,538)	819,741 (2,274,205)	141,756,418 (388,848,879)
6	ICICI Prudential Inst. Liquid Plan - Super Inst.growth	- (12,396,390)	- (164,675,000)	- (12,396,390)	- (165,350,339)
	Total	8,156,059 (28,956,580)	1,242,198,195 (1,873,140,435)	7,720,895 (28,956,580)	1,113,717,197 (1,877,881,584)

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 (EPS)

(Amount in ₹)

Particulars	For the year ending March 31, 2011	For the year ending March 31, 2010
Nominal Value of Equity Shares (Rs. per Share)	10	10
Weighted Average number of Equity Shares outstanding during the year	117,825,000	117,825,000
Profit/ (Loss) after Taxes	(30,562,246)	(214,267,160)
EPS – Basic	(0.26)	(1.82)

13. Managerial Remuneration

(Amount in ₹)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
a.	Salaries	1,381,823	400,729
b.	Perquisites and Other allowances	112,902	89,995
c.	Contributions to Provident and Other Funds	494,080	29,810
	Total	1,988,805	520,534

14. 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.

15. Contingent Liabilities : NIL

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

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-
O Bangaru Raju
Director

-Sd-
N C Sarabeswaran
Director

-Sd-
Supriya Achut Kulkarni
Company Secretary

Place : Bangalore
Date : 18-05-2011