

Luthra & Luthra

Chartered Accountants

AUDITOR'S REPORT

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

We have audited the attached Balance sheet of M/s GMR POCHANPALLI EXPRESSWAYS 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.



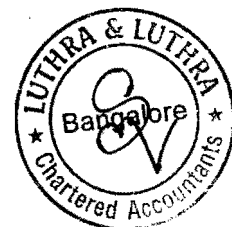
A-16/9, Vasant Vihar, New Delhi - 110057

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
Tel & Fax: 080 - 4113 8249

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 Profit of the Company for the period ended on that date ; and



(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Date: May 18, 2011
Place: Bengaluru

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



Sheha Kini
ICAI. M. No. 220480
Partner

ANNEXURE TO AUDITOR'S REPORT

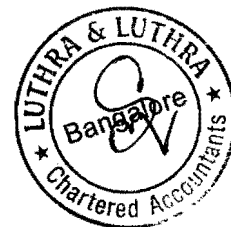
Statement of matters as specified in paragraphs 4 and 5 of Companies (AUDITORS' REPORT)
Order 2003

Para 4

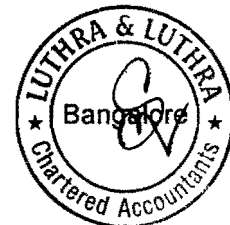
Clause		Particulars
(i)	(a)	The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
	(b)	According to the information and explanation given to us, the management of the Company at reasonable intervals has physically verified the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



	(e), (f) & (g)	In our opinion and according to the information and explanations given to us none of the parties that the Company has transacted with are covered under Section 301 of the Companies Act, 1956 hence reporting under these clauses of the Order does not arise.
(iv)		In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business, with regard to purchase of fixed assets and sale of services. Further, on the basis of our examination of our books and records of the Company, and according to the information and explanations given to us, we neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
(v)	(a) & (b)	In our opinion and according to the information and explanations given to us none of the parties that the Company has transacted with are covered under Section 301 of the Companies Act, 1956 hence reporting under these clauses of the Order does not arise.
(vi)		According to the information and explanations given to us, the Company has not accepted any deposits from the Public as defined in section 58A and Section 58AA of the Act, and the rules framed there under.
(vii)		In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
(viii)		According to the information and explanations given to us, the Central Government has not prescribed maintenance of Cost Records specified under clause (d) of sub-section (1) of Section 209 of the Companies Act to the Company.



(ix)	(a)	According to the information and explanations given to us & the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, Income-tax and other material statutory dues as applicable with the appropriate authorities.
	(b)	According to the information and explanations given to us & the records of the Company examined by us, there are no dues to income tax which have been deposited on account of any dispute. According to the information and explanations given to us & the records of the Company examined by us, sales tax, custom duty, wealth tax, service tax, excise duty/cess are not applicable to the Company for the current reporting period.
(x)		According to the information and explanations given to us & the records of the Company examined by us, there are no accumulated losses at the end of the financial year; hence reporting under this clause does not arise. The Company has not earned any cash losses for the years ended March 31, 2011 and March 31, 2010.
(xi)		According to the information and explanations given to us & the records of the Company examined by us, the Company has not defaulted in the repayment of dues to any financial institutions or banks or debenture holders.
(xii)		As per the information and explanation given to us 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

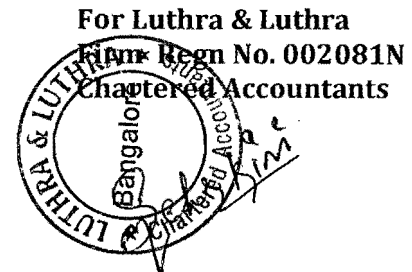


(xiv)		As per the information and explanation given to us the Company is not dealing or trading in shares, securities, debentures and other investments, However, the Company has maintained proper records in respect of investments made and also made entries from time to time, in respect of the investment 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 had issued 9.38% non cumulative non convertible debenture of Coupon value Rs. 10,00,000/- (Rupees Ten Lakhs Only) on 25 th March 2010 totaling Rs. 6,50,00,00,000/- (Rupees Six Hundred and Fifty Crores only) redeemable at par. According to the information and explanations given to us & the records of the Company examined by us, in our opinion, the Company has created and registered with Registrar of Companies the adequate charge on the assets and receivables of the Company for the debentures issued by the Company.



(xx)		According to the information and explanations given to us & the records of the Company examined by us, in our opinion, the Company has not raised any amount by way of public issue hence reporting under this clause of the report 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.

Date: May 18, 2011
Place: Bengaluru



Sneha Kini
ICAI. M. No. 220480
Partner

GMR POCHANPALLI EXPRESSWAYS LIMITED
Balance Sheet As At March 31, 2011

(Amount in ₹)

Particulars	Schedule No	As at March 31, 2011		As at March 31, 2010	
I. Sources of Funds					
1. Shareholders' Funds					
a) Share Capital	1	1,825,000,000		1,825,000,000	
b) Reserves & Surplus	2	106,096,364	1,931,096,364	56,248,128	1,881,248,128
2. Loan Funds					
a) Secured Debentures	3		6,089,900,000		6,500,000,000
Total			8,020,996,364		8,381,248,128
II. Application of Funds					
1. Fixed Assets	4				
(a) Gross Block		7,045,105,333		7,043,002,163	
(b) Less : Depreciation		814,050,724		411,933,333	
(c) Net Block			6,231,054,609		6,631,068,830
2. Investments	5		48,811,846		575,606,402
3. Current Assets, Loans and Advances					
(a) Debtors	6	60,887,121		17,408,655	
(b) Cash and Bank Balances	7	979,950,650		539,417,843	
(c) Other Current Assets	8	3,707,772		153,425	
(d) Loans and Advances	9	974,466,008		642,208,255	
		2,019,011,551		1,199,188,177	
Less : Current Liabilities and Provisions	10				
(a) Liabilities		274,660,722		22,994,695	
(b) Provisions		3,220,920		1,620,586	
		277,881,643		24,615,281	
Net Current Assets			1,741,129,909		1,174,572,896
Total			8,020,996,364		8,381,248,128
Statement on Significant Accounting Policies and Notes to Accounts	17				-

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

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

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

For and on behalf of the Board of Directors

- Sd -
Sneha Kini
Partner
Membership No: 220480

- Sd -
O Bangaru Raju
Director

- Sd -
N C Sarabeswaran
Director

- Sd -
Rajeev Khanna
Company Secretary

Place: Bengaluru
Date: 18.05.2011

GMR POCHANPALLI EXPRESSWAYS 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			
Operation Income	11	1,083,600,000	1,083,600,000
Other Income	12	93,262,934	15,755,921
Total		1,176,862,934	1,099,355,921
II. Expenditure			
Operating & Maintenance Expenses	13	49,018,480	35,393,064
Manpower Costs	14	17,057,745	33,543,433
Administration & Other Expenses	15	24,875,562	30,436,760
Interest & Finance Charges	16	620,822,947	529,880,464
Depreciation		402,132,974	403,056,062
Prior Period Expenses		513,700	-
Total		1,114,421,408	1,032,309,784
III. Profit Before Taxation		62,441,525	67,046,137
- Current Income Tax		12,532,843	12,441,004
- Tax Earlier years		60,446	-
IV. Profit After Taxation		49,848,236	54,605,133
Surplus/ Deficit brought forward from Previous Year		-	1,642,995
Profit available for Appropriation		49,848,236	56,248,129
Transfer to Debenture Redemption Reserve		49,848,236	31,134,313
Transfer to Major Maintenance Reserve		-	25,113,816
V. Available Surplus Carried to Balance Sheet		-	-
Earnings per Share			
Basic Earnings Per Share - (in Rs.)		0.36	0.41
Statement on Significant Accounting Policies and Notes to Accounts	17		

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

This is the Statement of Profit and Loss Account 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 -
Rajeev Khanna
Company Secretary

Place: Bengaluru
Date: 18.05.2011

GMR POCHANPALLI EXPRESSWAYS 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	62,441,525	67,046,137
	Adjustment for:		
	Depreciation/Amortisation	402,132,974	403,056,062
	Interest Income	(73,540,812)	(1,073,423)
	Income from Investments	(15,981,514)	(2,628,539)
	Interest and Finance Charges	621,336,647	528,195,795
	Operating Profit Before Working Capital Changes	996,388,821	994,596,032
	Adjustment for:		
	Changes in Trade and Other Receivables	(378,766,696)	(479,336,955)
	Changes in Trade Payables	252,640,111	(489,947,655)
	Cash Generated from Operations	870,262,236	25,311,422
	Income Taxes (paid)/ refund	(12,490,909)	(595,349)
	Net Cash Flow from Operating Activities	857,771,327	24,716,073
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets (Net)	(2,118,753)	(4,552,455)
	(Purchase) / Sale of Investments (Net)	526,794,556	(387,568,426)
	Income from Investments	15,981,514	2,628,539
	Interest received	73,540,812	1,073,423
	Net Cash Flow from Investing Activities	614,198,128	(388,418,919)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from issue of Preference shares (including Share application money)	-	445,000,000
	Redemption of Secured Debentures	(410,100,000)	980,000,000
	Interest and Finance charges Paid	(621,336,647)	(528,195,795)
	Net Cash Flow from Financing Activities	(1,031,436,647)	896,804,205
	Net Increase/ (Decrease) in Cash and Cash Equivalents	440,532,808	533,101,359
	Cash and Cash Equivalents at the beginning of the year	539,417,844	6,316,485
	Cash and Cash Equivalents at the end of the year	979,950,650	539,417,844

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

- Sd -
Sneha Kini
Partner
Membership No: 220480

For and on behalf of the Board of Directors

- Sd -
O Bangaru Raju
Director

- Sd -
N C Sarabeswaran
Director

- Sd -
Rajeev Khanna
Company Secretary

Place: Bengaluru
Date: 18.05.2011

(Amount in ₹)

Schedule 1	As at March 31, 2011	As at March 31, 2010
Capital		
Authorised		
138,100,100 (2010 : 138,100,000) Equity Shares of Rs 10 each	1,381,000,000	1,381,000,000
4,590,000 (2010 : 4,590,000) Preference Shares of Rs 100 each	459,000,000	459,000,000
	1,840,000,000	1,840,000,000
Issued, Subscribed and Paid Up		
138,000,000 Equity Shares of Rs. 10 each fully paid up	1,380,000,000	1,380,000,000
Out of the above:		
(i) 74,520,000 (2010: 74,520,000) Equity Shares are held by GMR Highways Limited (GHWL) the holding Company.		
(ii) 57,132,000 (2010: 57,132,000) Equity Shares are held by GMR Infrastructure Limited (GIL) the holding Company.		
(iii) 6,348,000 (2010: 6,348,000) Equity Shares are held by GMR Energy Limited (GEL), subsidiary of the GMR Infrastructure Limited (GIL)		
Issued, Subscribed and Paid Up		
8% Redeemable at par Non Cumulative Non Convertible Preference Shares of Rs. 100 each paid up in cash (The Preference Shareholders have an option to redeem at any time after 6 months from the date of allotment, but before 16th October, 2026 from the date of allotment, by giving one month prior notice.)		
Out of the above:		
(i) 4,450,000 (2010: 4,450,000) Preference Shares are held by GMR Infrastructure Limited the holding Company		
Preference Issued and Subscribed	445,000,000	445,000,000
Total	1,825,000,000	1,825,000,000

(Amount in ₹)

Schedule 2	As at March 31, 2011	As at March 31, 2010
Debenture Redemption Reserve		
At the commencement of the year	31,134,312	31,134,312
Add: Transferred from Profit and Loss Account	49,848,236	-
	80,982,548	31,134,312
Major Maintenance Reserve		
At the commencement of the year	25,113,816	25,113,816
Add: Transferred from Profit and Loss Account	-	-
	25,113,816	25,113,816
Total	106,096,364	56,248,128

(Amount in ₹)

Schedule 3	As at March 31, 2011	As at March 31, 2010
Secured Debentures		
(9.38% Secured Debentures of Face Value - Rs. 1,000,000 - 6,500 Units - Redeemable at Par) (Above debentures are repayable in 34 unequal half yearly instalments commencing from April 15, 2010 and redemption of Rs 41.01 Crore was made during the current financial year) (Secured by way of first charge on all the assets of the borrower both movable(including future Annuity Receivables) and immovable properties, both present and future but excluding the project assets (unless permitted by NHAI under the Concession Agreement)	6,089,900,000	6,500,000,000
Total	6,089,900,000	6,500,000,000

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

Schedule 4 - Fixed Assets

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	7,025,215,367	1,863,749.00	-	7,027,079,116	408,107,125	400,480,687	-	808,587,812	6,218,491,304	6,617,108,241
Plant and Machinery	5,670,328	-	-	5,670,328	301,531	299,393	-	600,924	5,069,404	5,368,797
Electrical Fittings	697,000	-	-	697,000	130,992	36,801	-	167,793	529,207	566,008
Computers	1,834,243	7,900	22,133	1,820,010	938,559	294,831	15,583	1,217,807	602,203	894,995
Office Equipments	1,904,945	83,900	-	1,988,845	338,336	87,778	-	426,114	1,562,730	1,566,609
Vehicles	3,042,331	148,734	-	3,191,065	206,787	298,312	-	505,099	2,685,966	2,836,232
Furniture and Fixtures	980,750	-	-	980,750	478,329	40,546	-	518,876	461,874	502,421
Capitalised Software	3,657,200	21,020	-	3,678,220	1,431,674	594,624	-	2,026,298	1,651,922	2,225,526
Total	7,043,002,163	2,125,303	22,133	7,045,105,333	411,933,333	402,132,974	15,583	814,050,724	6,231,054,609	6,631,068,830
Previous Year	7,038,449,707	4,552,456	-	7,043,002,163	2,543,962	403,056,062		191,805,710	6,631,068,830	7,029,572,436

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

(Amount in ₹)

Schedule 5	As at March 31, 2011	As at March 31, 2010
Investments		
Current		
Other Than Trade - Unquoted		
ICICI Prudential - Super Institutional - Growth [336,901.257 Units of Rs. 144.88 per unit] *	48,811,846	89,861,892
Birla Sunlife Cash Plus Institutional Premium Growth **	-	485,744,510
Total	48,811,846	575,606,402

* ICICI MF : Net Asset Value as at March 31, 2011 - Rs. 48,858,868.97 (March 31, 2010 : Rs 89,861,892)

(Amount in ₹)

Schedule 6	As at March 31, 2011	As at March 31, 2010
Sundry Debtors		
Other Debts	19,057,667	16,950,025
Debtors - Other than trade	41,829,454	458,630
Total	60,887,121	17,408,655

(Amount in ₹)

Schedule 7	As at March 31, 2011	As at March 31, 2010
Cash and Bank Balances		
Cash on hand	4,411	10,664
Balances with scheduled banks		
- On Current accounts	5,235,239	9,407,179
- On Deposit accounts	974,711,000	530,000,000
Total	979,950,650	539,417,843

(Amount in ₹)

Schedule 8	As at March 31, 2011	As at March 31, 2010
Other Current Assets		
Interest Accrued on Deposits with Bank	3,707,772	153,425
Total	3,707,772	153,425

(Amount in ₹)

Schedule 9	As at March 31, 2011	As at March 31, 2010
Loans and Advances		
(Unsecured, Considered Good unless otherwise stated)		
Loans to Group Companies	852,700,000	620,000,000
Loans to Employees	-	(6,673)
Advances recoverable in cash or in kind or for value to be received	112,475,713	12,647,590
Deposits with others	7,235,877	7,206,397
Deposits with Government Authorities	379,800	379,800
WCT Receivable	10,122	-
Advance Tax (Net of Provision)	1,664,496	1,981,140
Total	974,466,008	642,208,255

(Amount in ₹)

Schedule 10	As at March 31, 2011	As at March 31, 2010
Current Liabilities and Provisions		
A) Liabilities		
Sundry Creditors		
Dues to Micro and Small Enterprises	-	-
Dues to other than Micro & Small Enterprises	10,676,973	9,563,250
Retention Money	575,456	1,187,801
Other Liabilities	484,786	550,768
Interest accrued & not due	262,923,507	11,692,877
	274,660,722	22,994,695
B) Provisions		
Provision for Gratuity & Leave Encashment	412,447	1,569,386
Provision for expenses	790,541	51,200
Provision for Employee Benefits	2,017,932	-
	3,220,920	1,620,586
Total	277,881,643	24,615,281

GMR POCHANPALLI EXPRESSWAYS LIMITED
Schedules annexed to and forming part of Profit and Loss Account

(Amount in ₹)

Schedule 11	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Operation Income		
Annuity	1,083,600,000	1,083,600,000
Total	1,083,600,000	1,083,600,000

(Amount in ₹)

Schedule 12	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Other Income		
Interest received from Investments (Tax Deducted at Source - Rs. 6,236,245/-)	73,540,812	1,070,928
Profit on Sale of Investments (Tax Deducted at Source - Nil)	15,981,514	12,053,959
Miscellaneous Income	2,348,400	2,631,034
Provision written back	1,392,208	-
Total	93,262,934	15,755,921

(Amount in ₹)

Schedule 13	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Operation & Maintenance Expenses		
Maintenance Expenses	21,363,516	10,804,779
Highway Management Services	15,203,387	12,161,235
Electricity Charges	6,403,050	4,884,738
Hire / Lease Rental Charges	-	1,600
O&M Insurance	4,159,076	4,256,119
R & M - Plant & Machinery	1,127,451	619,516
Other Misc. Expenses	19,473	2,405,031
Staff Welfare	-	22,400
O&M - License & Fees	-	129,900
O&M-Movement	-	28,529
O&M Communication	-	4,968
O&M Consultancy	54,952	-
O&M Repairs	687,575	74,250
Total	49,018,480	35,393,064

(Amount in ₹)

Schedule 14	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Manpower Cost		
Salaries, allowances and benefits to employees	15,040,243	31,181,366
Contribution to provident fund and others	755,992	1,575,679
Staff welfare expenses	1,261,510	786,389
Total	17,057,745	33,543,433

(Amount in ₹)

Schedule 15	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Administrative Expenses		
Rent	3,719,102	5,536,518
Repairs and Maintenance	-	250
Other Repairs	735,006	1,734,576
Rates and Taxes	5,097,634	4,074,186
Insurance	45,272	34,096
Consultancy Charges	6,188,287	4,863,017
Director Sitting Fees	155,000	125,000
Remuneration to auditors		
Statutory Audit Fees (TDS : Rs 27,575/-)	275,750	275,750
Tax Audit Fees (TDS : Rs 5,515/-)	55,150	55,150
Other Certifications Fees (TDS : Rs 3,756/-)	37,504	62,117
Out of Pocket Expenses	-	-
Utilities	500,710	1,415,643
Advertisement	21,750	75,759
Inland Travel	874,795	2,100,684
Foreign Travel	28,599	1,457,525
Airtime Sharing Expenses	4,266,404	4,734,000
Vehicle Maintenance (Including Taxi Hire & Conveyance)	1,820,402	2,034,615
Telephone & Mobile charges	430,648	714,794
Courier & Postage charges	11,904	12,111
Business Promotion	49,042	113,982
Security Charges	311,317	183,979
Printing & Stationaries	216,025	360,824
Books & Periodicals	3,275	29,771
Membership & Subscriptions	-	53,750
Fixed Assets written off	6,550	-
Miscellaneous Expenses	25,436	388,662
Total	24,875,562	30,436,760

(Amount in ₹)

Schedule 16	For the Year ended March 31, 2011	For the Year ended March 31, 2010
Interest and Finance Charges		
Interest on Secured Loans	579,381,489	504,473,077
Interest on Unsecured Loans	-	17,302,466
Finance charges	41,441,458	8,104,921
Total	620,822,947	529,880,464

GMR POCHANPALLI EXPRESSWAYS LIMITED**Balance Sheet Abstract And Company's General Business Profile**

1 Registration Details			
Registration No.	U45200KA2005PLC049327	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
Bonus Issue	NIL	Private Placement	NIL
3 Position of Mobilisation and Development of Funds (Amount in Rs. Thousands)			
Total Liabilities	8,298,878	Total Assets	8,298,878
Sources of Funds			
Paid - Up Capital	1,825,000	Share Appl. Money/Calls in advance	-
Reserves & Surplus	106,096	Unsecured Loans	-
Secured Loan	6,089,900		-
Application of Funds			
Net Fixed Assets	6,231,055	Investments	48,812
Net Current Assets	1,741,130	Misc. Expenditure	NIL
Accumulated Losses	-		
4 Performance of company (Amount in Rs. Thousands)			
Total Income	1,176,863	Total Expenditure	1,114,421
+ (-) Profit / (Loss) before Tax	62,442	+ (-) Profit / (Loss) after Tax	49,848
Earnings (Loss) per Share (Rs.)	0.36	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 -

Rajeev Khanna
Company Secretary

Place: Bengaluru
Date: 18.05.2011

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

Schedule 17

Statement on Significant Accounting Policies and Notes to the 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

Annuity is recognized on accrual basis in accordance with the provisions of the Concession Agreement with National Highways Authority of India (NHAI).

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 March 31, 2006 to construct and operate a carriage way for Adloor- Yellareddy - Kalkallu Section on National Highway No. 7 in the state of Andhra Pradesh till period ending 27 September 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, i.e. In accordance with the terms of the 'Concession Agreement' entered into with National Highways Authority of India (NHAI), dated March 31, 2006, the company has a right to use the roads for the period ended September 27, 2026. The useful life is hence 17.50 years i.e., from the Commercial Operation Date (26th March 2009) to September 27, 2026.

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 incomes and accounting income that originate in one year and are capable of reversal in one or more subsequent year(s). Deferred tax assets and liabilities have been computed on the timing differences applying the enacted tax rates.

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.

11. Debenture Redemption Reserve

Debenture Redemption Reserve is created on straight line method for the unexpired period of the life of debentures and the same will be reviewed at the end of each year on balance amount to be redeemed and Debenture Redemption Reserve will be provided accordingly.

12. Major Maintenance Reserve

The Company is required to undertake Major Maintenance at the end of every 5 years of Operation as per the Concession Agreement entered with National Highways Authority of India. Consequently, the Company has entered into an agreement with GMR Highways Limited for undertaking Major Maintenance. In case of sufficient profit available, the Company shall appropriate proportionate amount towards Major Maintenance which will be sufficient to meet the expenses to be incurred after 5 years of Operation.

Notes on Accounts

1. Capital Commitments

Estimated amount of Contracts remaining to be executed on capital account and not provided for Rs. Nil (2010: Nil).

2. The Company has been incorporated for the purpose of Design, Construction, Development, Improvement, Operation and Maintenance including strengthening and widening of Adloor Yellareddy - Kalkallu section on National Highway 7 in the state of Andhra Pradesh on Build, Operate and Transfer (BOT) basis

3. Taxes on Income:

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 &

4. Taxes on Income:

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. An amount of Rs 513,700/- being interest on unsecured loan for the period from 19th Feb 2010 to 27th March 2010 @ 6% pa which was omitted to be provided for. Consequently, the previous year profit was overstated by the above stated amount. The same has been identified during the current year & accounted for. The same is being disclosed as Prior Period Expenses in the statement of profit & loss. Hence, the current year profit is depleted by the same amount.

6. Related Party Transactions:

a) Names of related parties and description of relationship

(i)	Enterprises that control the Company	GMR Highways Limited (GHPL) (erstwhile GMR Highways Private Limited) (Holding Company) GMR Infrastructure Limited (GIL) (parent Company) GMR Holdings Private Limited (GHPL)
(ii)	Fellow Subsidiaries	GMR Aviation Private Limited (GAPL) GMR Energy Ltd (GEL) 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 Jadcherla Expressways Pvt Ltd (GJEPL)
(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 (formerly GMR Properties Private Limited) (GBPPL) GMR Projects Private Limited (GPPL)
(iv)	Key Management Personnel	Mr. O Bangaru Raju Mr. M.N.L.B Prasad (upto October 31, 2009) Mr. Mugalla Venkata Sathya Narayana (w.e.f November 1, 2009)

7. Summary of transactions 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)	- (-)	- (-)	1,640,110 Cr (227,840,580 Dr)	- (-)	(2,128) Dr (1,642,238Cr)
Share Capital Allotted (Preference)					
- GHWL	- (400,000,000 Cr)	- (-)	- (-)	- (-)	- (-)
- GIL	- (45,000,000 Cr)	- (-)	- (-)	- (-)	- (-)
Share Application Money Received					
- GHWL	- (6,000,000 Cr)	- (-)	- (-)	- (-)	- (-)
- GIL	- (100,000,000 Cr)	- (-)	- (-)	- (-)	- (-)
- GEL	- (-)	- (-) Cr	- (-)	- (-)	- (-)
Share Application Money Refunded					
- GHWL	- (6,000,000 Dr)	- (-)	- (-)	- (-)	- (-)
- GIL	- (100,000,000 Dr)	- (-)	- (-)	- (-)	- (-)
Trade Mark & Other License					
- GHPL	2,460,224 Dr (1,514,906 Dr)	- (-)	- (-)	- (-)	2,249,636 Cr (1,363,415) Cr
Fee for utilisation of Aircraft					
- GAPL	- (-)	4,266,404 Dr (4,734,000 Dr)	- (-)	- (-)	- (-)
Charges for Security and other services paid - RSSL	- (-)	- (-)	4,714,704 Dr (3,842,095 Dr)	- (-)	302,201 Cr (351,892)

Charges for maintenance of Highways - GHWL	17,538,091 Dr (11,223,017)	- (-)	- (-)	- (-)	(2,021,486 Cr) (1,094,630 Cr)
Tollway and Highway Maintenance Charges - GHWL	10,800,000 Dr (10,800,000)Dr	- (-)	- (-)	- (-)	- (-)
Subordinate Debt – GAHPL – availed and repaid (formerly GVL)	- (-)	- (100,000,000Dr	- (-)	- (-)	- (-)
Interest on Subordinate Debt – GAHPL (formerly GVL)	- (-)	- (56,09,589 Dr)	- (-)	- (-)	- (-)
Security Deposit - GHWL	- (2,000,000 Dr)	- (-)	- (-)	- (-)	2,000,000Dr (2,000,000Dr)
Rent Deposits-GBPPL	- (-)	- (-)	- (16,510,680 Cr)	- (-)	5,161,320 Dr (5,161,320 Dr) Dr
Rent Paid – GBPPL	- (-)	- (-)	3,385,007 Dr (5,245,312) Dr	- (-)	- (-)
Unsecured Loan					
- GUEPL	- (-)	- (62,00,00,000)	- (-)	- (-)	62,00,00,000 (62,00,00,000)
- GHWL	23,27,00,000 (-)	- (-)	- (-)	- (-)	23,27,00,000 (-)
- GPPL	10,00,00,000 (-)	- (-)	- (-)	- (-)	10,00,00,000 (-)
Interest Income on Unsecured Loan					
- GUEPL	- (-)	37,200,000 Cr (509,589 Cr)	- (-)	- (-)	34,832,959 Dr (458,630 Dr)
- GHWL	7,368,051 (-)	- (-)	- (-)	- (-)	6,966,908 (-)
- GPPL	- (-)	- (-)	32,877 (-)	- (-)	29,589 (-)
Remuneration					
Mr. M N L B Prasad (upto October 31, 2009)	- (-)	- (-)	- (-)	- (2,353,510)	- (-)
Mr. Mugalla Venkata Sathya Narayana (w.e.f November 1, 2009)	- (-)	- (-)	- (-)	1,702,531 (531,622)	- (-)

Note: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.

8. The Company has entered into certain operating lease agreements and an amount of Rs. 3,719,102/- (2010: Rs. 5,536,518/-) paid during the period.

9. An amount of Rs 513,700/- has been accounted during the current financial year in respect of Interest and has been shown under prior period expenses.

10. 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	950,804	2,108,870
Contribution to superannuation fund	267,476	642,719
	1,218,280	2,751,585

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	12,037	236,703
Interest cost on benefit obligation	56,879	49,977
Expected return on plan assets	(79,515)	(85,406)
Net actuarial(gain) / loss recognised	(428,168)	(260,235)
Past service cost	-	-
Net benefit expense	(438,767)	(58,961)
Actual return on plan assets	89,455	85,406

Balance sheet

(Amount in `)

	2011	2010
Defined benefit obligation	266,202	635,394
Fair value of plan assets	1,085,879	993,940
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	819,677	358,546

Changes in the present value of the defined benefit obligation:

(Amount in `)

	2011	2010
Opening defined benefit obligation	635,394	613,273
New Acquisitions	-	-
Interest cost	56,879	49,977
Current service cost	12,037	236,703
Past service cost	-	-
Benefits paid	-	15,766
Adjustment on transfer	-	-
Actuarial (gains) / losses on obligation	(438,108)	(280,325)
Closing defined benefit obligation	266,202	635,394

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

(Amount in `)

	2011	2010
Opening fair value of plan assets	993,940	924,300
New Acquisition	-	-
Expected return	79,515	85,406
Contributions by employer	-	-
Benefits paid	-	15,766
Actuarial gains / (losses)	12,424	-
Adjustment on transfer	-	(31,532)
Closing fair value of plan assets	1,085,879	993,940

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 on leave encashment as per actuarial valuation as on March 31, 2011 – Rs. 221,868 (March 31, 2010 – Rs. . 768,770)

11. During the financial year 2009-2010, the company was converted from a Private Limited Company to a Public Limited Company with effect from February 5, 2010.
12. During the financial year 2009-2010, the company has issued 9.38% Non Convertible Debentures for value of Rs. 6,500,000,000 (6,500 Debentures of Face Value of Rs. 10,00,000 each). The proceeds were utilized to repay the Secured Term Loan outstanding. The above debentures are redeemable 34 half yearly unequal instalments starting from April 15, 2010 to October 15, 2026.

13. 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.

14.

Investment purchased and sold during the year:

(Amount in `)

Sl · N o.	Particulars	Purchased		Sold	
		No of Units	Amount (in Rs)	No of Units	Amount (in Rs)
1	UTI Money Market Fund- Growth Option	- (7,646,524)	- (188,037,976)	- (7,646,524)	- (188,345,257)
2	UTI Liquid Cash Plan Institutional - Growth Option	- (129,784)	- (187,745,257)	- (129,784)	- (189,124,796)
3	ICICI Prudential Flexible Income Plan Premium - Growth	3,588,019 (714,354)	615,109,928 (121,322,898)	3,588,019 (714,354)	618,040,436 (122,117,586)
4	ICICI Prudential Inst. Liquid Plan - Super Inst.growth	12,102,767 (23,820,130)	1,756,810,328 (113,021,141)	12,426,746 (23,159,249)	1,711,926,695 (574,672,573)
5	Birla Sunlife Cash Plus Institutional Premium - Growth	33,028,705 (148,341,817)	977,574,961 (2,175,600,000)	66,038,641 (115,331,881)	981,424,301 (1,693,427,926)
6	Birla Sunlife Saving Fund InstitutionalGrowth	27,806,040 (9,531,376)	486,691,895 (165,079,626)	27,806,040 (9,531,376)	491,830,451 (166,019,750)
7	HDFC Liquid Fund Premium Plan - Growth	- (108,458,105)	- (2,000,000,000)	- (108,458,105)	- (2,001,236,422)
8	IDFC Cash Fund – Super Institutional Plan C - Growth	- (214,683,256)	- (2,401,000,000)	- (214,683,256)	- (2,402,905,748)
9	TATA Liquid Super High Inv. Fund - Appreciation	7,343 (-)	13,100,000 (-)	7,343 (-)	13,234,896 (-)
	Total	76,532,875 (513,325,346)	3,295,688,112 (7,351,806,898)	109,866,790 479,654,529)	3,816,456,780 (7,337,850,058)

15. Earnings Per Share (EPS)

(Amount in `)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Nominal Value of Equity Shares (Rs. per Share)	10	10
Weighted Average number of Equity Shares outstanding during the year	138,000,000	138,000,000
Profit/ (Loss) after Taxes	49,950,616	54,605,133
EPS – Basic and Diluted (Rs.)	0.36	0.40

16. 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.

17. Managerial Remuneration

(Amount in `)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
a.	Salaries	738,546	2,378,376
b.	Perquisites and Other allowances	534,110	369,449
c.	Contributions to Provident and Other Funds	62,306	137,307
	Total	1,334,962	2,885,132

18. 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.
19. Contingent Liability : NIL
20. Previous year figures have been regrouped / reclassified wherever necessary to conform to those of the current year.

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

-Sd-
Sneha Kini
Partner
Membership No : 220480

For and on Behalf of the Board of Directors

-Sd-
O Bangaru Raju
Director

-Sd-
Rajeev Khanna
Company Secretary

-Sd-
N C Sarabeswaran
Director

Place : Bangalore
Date : 18-05-2011