

**I.S.PRASAD & SETTY ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

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**NO.47, J.C.ROAD,**  
**SEETHARAMA BUILDING**  
**BANGALORE – 560 002**

## **AUDITOR'S REPORT**

**To**

**The Members**

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LTD**

We have audited the attached Balance Sheet of M/s GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LTD., No 25/1, Skip House, Museum Road, Bangalore - 560025 as at March 31, 2011 and the related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. 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 purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

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- c) The Balance Sheet , Profit & 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956
- e) On the basis of written representations received from the directors as on March 31, 2011, and taken on record by the Board of Directors, none of the directors are disqualified as on March 31,2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with notes thereon and attached thereto give in prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- (ii) In the case of profit and Loss Account, of the Loss for the year ended on that date; and
- (iii) In the case of cash flow Statement, of the total cash flows for the year ended on that date.

**Place: Bangalore**  
**Date: 16.5.2011**

**For I.S.PRASAD & SETTY ASSOCIATES**  
**CHARTERED ACCOUNTANTS**



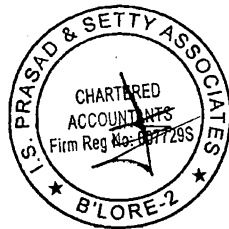
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**(I.S.PRASAD)**  
**Partner**  
**M.No.021968**  
**FIRM REGN NO. 007729S**

## ANNEXURE TO AUDITOR'S REPORT

### ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE:

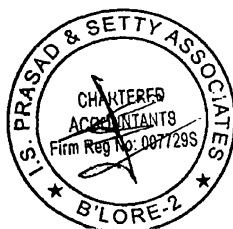
- (i) The Company has maintained proper records showing full particulars, including quantitative details and location of fixed assets. We are informed that the management has physically verified the fixed assets of the company at reasonable intervals and no discrepancies have been noticed on such verification.
- (ii) Since the Company is neither a Manufacturing Company nor Trading Company, the question of maintaining Inventory Records does not arise, hence we do not offer comments on this clause.
- (iii) According to the information & explanations given to us, the Company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act & the company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the sale of goods and services, purchase of equipment and other fixed assets and there is no major weakness in the internal control system.
- (v)
  - a. According to the information & explanations given to us, the Company has duly entered the particulars of contracts or arrangements referred to in section 301 of the act in the register required to be maintained under the section.
  - b. In our opinion and according to the information and explanations given to us, the transactions for services, made in pursuance of contracts or arrangements entered in the register(s) maintained U/s 301 of Companies Act 1956 as aggregating during the financial year exceeding Rs. 5,00,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such services at the relevant time.
- (vi) The Company has not accepted any deposit from the public as per the provisions of section 58A and section 58AA of the Companies Act 1956 and rules framed there under.



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- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of business.
- (viii) According to the information & explanations given to us, the provisions of section 209(1) (d) of the Companies Act, 1956 relating to maintenance of the cost records do not apply to the company.
- (ix) As per the information and explanations given to us, the Provisions of Employees State Insurance Act do not apply to the Company. The Company is regular in remitting the Provident Fund Contributions / Income tax and Cess to the appropriate authorities and there were no undisputed amounts payable in respect of income tax and Cess which were outstanding as on March 31, 2011 for a period of more than six months from the date on which they became payable.
- (x) We report that the company has no accumulated loss as on 31.03.2011.
- (xi) As per the information and explanations given to us and on our examination of records, the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in shares, securities and debentures. 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) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us and on our examination of records of the Company, there are no fresh term loans raised during the financial year.



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- (xvii) In our opinion and according to the information and explanations given to us, the Company has not raised any short term funds during the financial year.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act.
- (xix) The Company has not issued any Debentures during the Financial Year.
- (xx) In our opinion, the Company has not raised any funds by way of Public Issue.
- (xxi) According to the information and explanations given to us and on our examination of records of the Company, there is no fraud on or by the company has been noticed or reported during the year.

**Place: Bangalore**  
**Date: 16.5.2011**

**For I.S.PRASAD & SETTY ASSOCIATES**  
**CHARTERED ACCOUNTANTS**



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**(I.S.PRASAD)**  
**Partner.**  
**M.No.021968**  
**FIRM REGN NO. 007729S**

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**  
**Balance Sheet as at March 31, 2011**

(Amount in Rupees)

Particulars	Schedule	As at March 31, 2011		As at March 31, 2010	
<b>I. Sources of Funds</b>					
<b>1. Shareholders' Funds</b>					
a) Capital	1	10,000,000		10,000,000	
b) Reserves and Surplus	2	700,545,396		625,371,398	
			710,545,396		635,371,398
<b>2. Loan Funds</b>					
a) Secured Loans	3	2,617,013,680		2,851,539,189	
b) Unsecured Loans	4	439,000,000		439,000,000	
			3,056,013,680		3,290,539,189
<b>Total</b>			<b>3,766,559,077</b>		<b>3,925,910,587</b>
<b>II. Application of Funds</b>					
<b>1. Fixed Assets</b>					
a) Gross Block	5	2,967,911,424		2,967,942,923	
b) Less: Depreciation		1,246,597,405		1,047,527,400	
c) Net Block			1,721,314,020		1,920,415,523
<b>2. Investments</b>	6		1,058,757,908		1,219,792,875
<b>3. Current Assets, Loans and Advances</b>					
a) Sundry Debtors	7	228,300,764		228,401,292	
b) Cash and Bank Balances	8	780,704,101		637,807,758	
c) Other Current Assets	9	6,579,337		6,883,927	
d) Loan and Advances	10	46,361,026		16,154,113	
		1,061,945,228		889,247,090	
<b>Less: Current Liabilities and Provisions</b>	11				
a) Liabilities		49,526,950		48,528,718	
b) Provisions		25,931,129		55,016,183	
		75,458,078		103,544,900	
<b>Net Current Assets</b>			986,487,150		785,702,189
Statement on Significant Accounting Policies and Notes to Accounts	18				
<b>Total</b>			<b>3,766,559,077</b>		<b>3,925,910,587</b>

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 I. S Prasad & Setty Associates  
Firm Registration No: 007729S  
**Chartered Accountants**

Sd-  
**I. S. Prasad**  
Partner  
Membership No: 021968

Place: Bangalore  
Date: 16.05.2011

For and on behalf of the Board of Directors

Sd-  
**Srinivas Bommidala**  
Chairman  
Sd-  
**S Rameshwara Rao**  
Manager

Sd-  
**O Bangaru Raju**  
Director

GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED  
Profit and Loss account for the period ended March 31, 2011

(Amount in Rupees)

Particulars	Schedule	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
<b>I. Income</b>			
Annuity Income	12	589,712,151	589,710,790
Other Income	13	51,894,821	74,207,319
		<b>641,606,972</b>	<b>663,918,109</b>
<b>II. Expenditure</b>			
Operations and Maintenance Expenses	14	44,593,150	42,982,969
Manpower Expenses	15	15,682,934	17,112,364
Administrative and Other Expenses	16	60,673,765	55,104,680
Finance Charges	17	226,713,852	227,562,879
Depreciation	5	199,099,225	199,113,188
		<b>546,762,925</b>	<b>541,876,080</b>
<b>III. Profit Before Taxation</b>		94,844,047	122,042,030
Provision for Taxation		-	-
- Current Year		19,670,049	20,741,043
- Fringe Benefit Tax		-	(10,231)
<b>IV. Profit After Taxation</b>		<b>75,173,998</b>	<b>101,311,218</b>
Surplus brought forward from Previous Year		625,371,398	524,060,180
<b>V. Available Surplus Carried to Balance Sheet</b>		<b>700,545,397</b>	<b>625,371,398</b>
Earnings Per Share (Rs.) - Basic		75.17	101.31
Statement on Significant Accounting Policies and Notes to Accounts	18		

The Schedules referred to above form an integral part of the Profit and Loss Account.  
This is the Profit and Loss account referred to in our report of even date.

For I. S Prasad & Setty Associates

Firm Registration No: 0077295

Chartered Accountants

Sd-

I. S. Prasad

Partner

Membership No: 021968

Place: Bangalore

Date: 16.05.2011

For and on behalf of the Board of Directors

Sd-

Srinivas Bommidala

Chairman

Sd-

O Bangaru Raju

Director

Sd-

S Rameshwara Rao

Manager

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**  
**Cash Flow Statement for the period ended March 31, 2011**

(Amount in Rupees)

Particulars		As at March 31, 2011	As at March 31, 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit Before Tax and Extraordinary Items		94,844,047	122,042,030
Adjustment for:			
Depreciation		199,099,225	199,113,188
(Profit)/Loss from Sale of Investments (net)		(11,374,141)	(15,771,905)
(Profit)/Loss from Sale of Fixed asset (net)			34,730
Interest Income		(38,052,017)	(58,377,082)
Interest on IT refund		(580,376)	-
Finance Charges		226,713,852	227,563,334
<b>Operating Profit Before Working Capital Charges</b>		<b>470,650,590</b>	<b>474,604,295</b>
Adjustment For:			
Changes in Trade and Other Receivables		(29,801,797)	19,893,084
Changes in Trade Payables		(28,086,823)	168,356
<b>Cash Generated from Operations</b>		<b>412,761,971</b>	<b>494,665,735</b>
Income Tax Paid		(19,670,049)	(20,741,043)
Fringe Benefit Tax Paid		-	10,231
<b>Net Cash Flow from Operating Activities</b>	A	<b>393,091,922</b>	<b>473,934,923</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets		-	(180,236)
Sale of Fixed Asset		2,279	50,731
Investments in Mutual Fund		197,634,967	(211,578,875)
(Profit)/Loss from Sale of Investments (net)		11,374,141	15,771,905
Profit/(Loss) from Sale of Fixed Asset(net)		-	(34,730)
Investment in Preference Share Capital		(36,600,000)	(1,008,214,000)
Investment in Preference Share Capital Application Money		-	-
Interest on IT refund		580,376	-
Interest received		38,052,017	58,377,082
Redemption of Preference share investment		-	439,000,000
<b>Net Cash Flow from Investing Activities</b>	B	<b>211,043,781</b>	<b>(706,808,123)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Changes in Share Capital			
Proceeds/(Repayments) of Term Loan (net)		(234,525,509)	(231,922,323)
Proceeds of Sub Debt		-	-
Repayments of Sub Debt		-	-
Finance Charges Paid		(226,713,852)	(227,563,334)
<b>Net Cash Flow from Financing Activities</b>	C	<b>(461,239,361)</b>	<b>(459,485,658)</b>
Net increase/(decrease) in Cash and Cash Equivalents	D (A+B+C)	142,896,344	(692,358,858)
Cash and Cash Equivalents at the beginning of the year	E	637,807,758	1,330,166,616
Cash and Cash Equivalents at the end of the year	(D+E)	<b>780,704,101</b>	<b>637,807,758</b>

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 I. S Prasad & Setty Associates  
Firm Registration No: 007729S  
Chartered Accountants

For and on behalf of the Board of Directors

Sd-  
**I. S. Prasad**  
Partner  
Membership No: 021968

Sd-  
**Srinivas Bommidala**  
Chairman

Sd-  
**O Bangaru Raju**  
Director

Place: Bangalore  
Date: 16.05.2011

Sd-  
**S Rameshwara Rao**  
Manager

GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED  
Schedules Forming part of the Balance Sheet as at March 31, 2011

(Amount in Rupees)

Schedule 1	As at March 31, 2011	As at March 31, 2010
<b>Capital</b>		
<b>Authorised</b>		
1,000,000 (2010 : 1,000,000) Equity Shares of Rs. 10 each	10,000,000	10,000,000
7,900,000 (2010 : 7,900,000) Preference Shares of Rs. 100 each	790,000,000	790,000,000
	<b>800,000,000</b>	<b>800,000,000</b>
<b>Issued, Subscribed and Paid up</b>		
<b>Equity Shares</b>		
1,000,000 (2010 : 1,000,000) Equity Shares of Rs.10 each fully paid up	10,000,000	10,000,000
<b>Total</b>	<b>10,000,000</b>	<b>10,000,000</b>

Schedule 2	As at March 31, 2011	As at March 31, 2010
<b>Reserves and Surplus</b>		
<b>Profit and Loss Account</b>		
Opening Balance	625,371,398	524,060,180
Add : Profit for the year	75,173,998	101,311,218
<b>Total</b>	<b>700,545,396</b>	<b>625,371,398</b>

Schedule 3	As at March 31, 2011	As at March 31, 2010
<b>Secured Loan</b>		
<b>Term Loans</b>		
Rupee Loans		
From Banks	2,617,013,681	2,851,539,189
( Secured by movable and immovable assets of the Company by way of deed of hypothecation and by way of legal mortgage in English form respectively)		
<b>Total</b>	<b>2,617,013,681</b>	<b>2,851,539,189</b>

Schedule 4	As at March 31, 2011	As at March 31, 2010
<b>Unsecured Loans</b>		
Group Companies	324,860,000	324,860,000
Body Corporate	114,140,000	114,140,000
<b>Total</b>	<b>439,000,000</b>	<b>439,000,000</b>

GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED  
Schedules Forming part of the Balance Sheet as at March 31, 2011  
Schedule - 5

Fixed Assets

(Amount in Rupees)

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 period	On Deletions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
<b>Tangible Assets</b>										
Land	237,115	-	-	237,115	-	-	-	-	237,115	237,115
Carriage Way (Roads)	2,963,835,249	-	-	2,963,835,249	1,045,677,091	198,786,975	-	1,244,464,066	1,719,371,183	1,918,158,158
Furniture and fittings	298,869	-	-	298,869	134,542	17,251	-	151,793	147,076	164,327
Computers	1,652,507	-	31,499	1,621,008	944,472	191,703	29,220	1,106,955	514,052	708,034
Office Equipments	1,378,646	-	-	1,378,646	504,253	65,084	-	569,337	809,309	874,393
Plant and Machinery	134,612	-	-	134,612	134,612	-	-	134,612	-	-
Vehicles	398,536	-	-	398,536	132,423	37,861	-	170,284	228,252	266,113
Electrical Fittings and Apparatus	7,390	-	-	7,390	8	351	-	359	7,031	7,382
<b>Total</b>	<b>2,967,942,923</b>	<b>-</b>	<b>31,499</b>	<b>2,967,911,424</b>	<b>1,047,527,400</b>	<b>199,099,225</b>	<b>29,220</b>	<b>1,246,597,405</b>	<b>1,721,314,019</b>	<b>1,920,415,523</b>
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>2,967,942,923</b>	<b>-</b>	<b>31,499</b>	<b>2,967,911,424</b>	<b>1,047,527,400</b>	<b>199,099,225</b>	<b>29,220</b>	<b>1,246,597,405</b>	<b>1,721,314,019</b>	<b>1,920,415,523</b>
Previous Year	2,967,904,947	180,236	142,260	2,967,942,923	848,505,741	199,113,188	91,529	1,047,527,400	1,920,415,523	2,119,399,207

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**

Schedules Forming part of the Balance Sheet as at March 31, 2011

(Amount in Rupees)

Schedule 6	As at March 31, 2011	As at March 31, 2010
<b>Investment</b>		
<b>Long Term</b>		
<b>In Shares of other Companies - Other than Trade</b>		
<b>(8% Redeemable, Non - Cumulative, Non - Convertible unquoted Preference Shares)</b>		
GMR Ambala Chandigarh Expressways Pvt Ltd. (53,51,140 Preference Shares of Rs. 100 each fully paid-up )	535,114,000	535,114,000
GMR Jadcherla Expressways Pvt Ltd. (12,50,000 Preference Shares of Rs. 100 each fully paid-up )	125,000,000	125,000,000
GMR Ulundurpet Expressways Pvt Ltd. (17,98,600 Preference Shares of Rs. 100 each fully paid-up )	179,860,000	179,860,000
Rushil Construction (India ) Pvt Ltd. ( 20,48,400 Preference Shares of Rs. 100 each fully paid-up )	204,840,000	168,240,000
<b>Current</b>		
<b>Other than Trade - Unquoted</b>	13,943,908	211,578,875
ICICI Prutencial Liquid Fund Super institutional - Growth  (Units- 96,365.97,NAV as on 31.03.11- Rs 144.70, Cost Rs. 1,39,43,907.57)		
<b>Total</b>	<b>1,058,757,908</b>	<b>1,219,792,875</b>

Schedule 7	As at March 31, 2011	As at March 31, 2010
<b>Sundry Debtors</b>		
( Trade and considered good, unless otherwise stated )		
<b>Over Six Months Old</b>		
Secured	-	107,964
<b>Other Debts</b>		
Secured	228,300,764	228,293,328
Unsecured - other than trade		
<b>Total</b>	<b>228,300,764</b>	<b>228,401,292</b>

Schedule 8	As at March 31, 2011	As at March 31, 2010
<b>Cash and bank Balances</b>		
Cash and Cheques on hand	22,626	144,383
Balances with Schedules Banks		
On Current Accounts	62,668,475	628,375
On Deposit Accounts	718,013,000	637,035,000
<b>Total</b>	<b>780,704,101</b>	<b>637,807,758</b>

## GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED

Schedules Forming part of the Balance Sheet as at March 31, 2011

(Amount in Rupees)

Schedule 9	As at March 31, 2011	As at March 31, 2010
<b>Other Current Assets</b>		
Interest accrued on Deposits	6,579,337	6,883,927
<b>Total</b>	<b>6,579,337</b>	<b>6,883,927</b>

Schedule 10	As at March 31, 2011	As at March 31, 2010
<b>Loans and Advances</b>		
<b>( Unsecured, Considered Good, unless otherwise stated )</b>		
Loans/Advances to Employees	209,704	76,468
Advances recoverable in cash or in kind or for value to be received	37,536,882	3,066,380
Deposits with Government Authorities	26,340	26,340
Deposits with Others	8,588,100	8,844,150
Advance Tax ( Net of Provision )		4,140,775
<b>Total</b>	<b>46,361,026</b>	<b>16,154,113</b>

Schedule 11	As at March 31, 2011	As at March 31, 2010
<b>Current Liabilities and Provisions</b>		
<b>a) Sundry Creditors</b>		
Due to Small Scale Industrial Undertakings		
Due to Others	48,873,442	47,269,339
Retention	68,498	68,498
Other Liabilities	585,010	426,602
	<b>49,526,950</b>	<b>47,764,439</b>
<b>b) Provisions</b>		
Provision for Tax ( Net of Advance Tax )	544,222	-
Provision for Employee Benefits	412,094	357,802
Provision For Periodic Maintenance	21,098,548	54,658,380
Provision for Outstanding Exps	3,876,264	764,279
<b>Total</b>	<b>25,931,129</b>	<b>55,780,462</b>

## GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED

Schedules Forming part of the Profit and Loss Accounts for the period ended March 31, 2011

(Amount in Rupees)

Schedule 12	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
<b>Annuity Income</b>		
Annuity Income	589,712,151	589,710,790
<b>Total</b>	<b>589,712,151</b>	<b>589,710,790</b>

Schedule 13	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
<b>Other Income</b>		
Interest on Deposits ( Gross )	38,052,017	58,011,232
(Tax deducted at source : Rs. 39,32,657/- )		
Interest Received on IT Refund	580,376	365,850
Profit on sale of Unquoted-Mutual Funds-Short Term	11,374,141	15,771,905
Provision no longer required return back	565,820	-
Miscellaneous Income	1,322,467	58,331
<b>Total</b>	<b>51,894,821</b>	<b>74,207,319</b>

Schedule 14	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
<b>Operating and Maintenance ( O &amp; M ) Expenses</b>		
O&M Monthly Maintenance Expenses	24,181,350	22,002,774
O&M Periodic Maintenance Expenses	17,276,800	18,632,009
O&M Insurance	3,124,306	2,348,186
O&M Travelling	2,254	-
O&M Others	8,440	-
<b>Total</b>	<b>44,593,150</b>	<b>42,982,969</b>

Schedule 15	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
<b>Manpower Cost</b>		
Staff Costs		
Salaries, Wages and Bonus	13,725,082	15,355,203
Contribution to Provident & Other Funds	1,156,994	991,145
Workmen and Staff Welfare Expenses	800,857	766,016
<b>Total</b>	<b>15,682,934</b>	<b>17,112,364</b>

Schedule 16	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
<b>Administrative Expenses</b>		
Rent	13,300,181	6,897,256
Repairs - Others	850,651	799,301
Rates & taxes	2,503,777	1,334,922
Insurance	752,606	12,332
Professional	31,475,332	29,977,075
Directors Sitting Fee	70,000	70,000
Utilities	2,334,451	1,436,649
Statutory Audit fee	193,025	193,025
Tax Audit fee	38,605	38,605
Other Certification fee	107,543	44,120
Advertisement	5,100	20,000
Inland Travel	1,434,737	1,454,785
Airtime Sharing (from GAPL)	2,415,384	8,657,907
Travel - Taxi Hire / Local Conv	1,475,031	1,209,340
Communication - Telephone	877,056	1,345,008
Communication - postage & courier	14,082	15,050
Business Promotion	459,328	108,000
Security	1,205,905	104,521
Printing & Stationery	110,779	251,275
Donations	852,466	872,166
Books & Periodicals	1,909	63,421
Membership	9,692	4,100
SGA - Loss on Sale of FA	-	34,730
Fixed Assets w/off	2,279	-
Misc Exp	183,846	161,092
<b>Total</b>	<b>60,673,765</b>	<b>55,104,680</b>

Schedule 17	For the Year Ended March 31, 2011	For the Year Ended March 31, 2010
<b>Finance Charges</b>		
Interest on Fixed Loans	219,685,652	220,933,711
Interest Others	4,329,998	4,389,998
Bank/Other Finance Charges	2,638,202	2,239,170
<b>Total</b>	<b>226,713,852</b>	<b>227,562,879</b>

## Balance Sheet Abstract and Company's General Business Profile

<b>1 Registration Details</b>			
Company Identification No.	U45203KA2001PTC049328	State Code	08
Balance Sheet Date	31.03.2011		
<b>2 Capital Raised during the year (Amount in Rupees thousands)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL
<b>3 Position of Mobilisation and Development of Funds ( Amount in Rupees thousands)</b>			
Total Liabilities	3,766,559	Total Assets	3,766,559
<b>Sources of Funds</b>			
Paid - Up Capital	10,000	Reserves & Surplus	700,545
Secured Loan	2,617,014	Unsecured Loans	439,000
<b>Application of Funds</b>			
Net Fixed Assets	1,721,314	Investments	1,058,758
Net Current Assets	986,487	Misc. Expenditure	-
Accumulated Losses	-		
<b>4 Performance of company ( Amount in Rs. Thousands)</b>			
Total Income	641,607	Total Expenditure (incl. Depreciation)	546,763
+ (-) Profit / (Loss) before Tax	94,844	+ (-) Profit / (Loss) after Tax	75,174
Earnings (Loss) per Share (Rs.)	75.17	Dividend rate (%)	-
<b>5 Generic Names of Three Principal Products / Services of Company (as per monetary terms)</b>			
Item Code No. (ITC Code)	N.A		
Product Description	N.A		

For and on behalf of the Board of Directors

Sd-  
Srinivas Bommidala  
Chairman

Sd-  
O Bangaru Raju  
Director

Sd-  
Manager  
S Rameshwara Rao

Place: Bangalore  
Date: 16.05.2011

# **GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**

## **SCHEDULE 18**

### **Statement on Significant Accounting Policies and Notes to the Accounts**

#### **I. Significant Accounting Policies:**

##### **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 applicable Accounting Standards as issued by the Institute of Chartered Accountants of India.

##### **Revenue Recognition**

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

##### **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 working condition.

Assets under installation or under construction as at the balance sheet date are shown as Capital Work in Progress.

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

##### **Depreciation**

Depreciation on Fixed Assets, other than Carriage Way (Roads), is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

The cost of Carriage Way (Roads) is amortized over the period of 14.88 years, being the period commencing from commercial operation till the end of the concession period.

The additions to the Carriage Way (Roads), if any, is amortized from the date of capitalization till the end of concession period uniformly.

Individual Assets costing less than Rs.5,000 are fully depreciated in the year of purchase

## **GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**

### **Investments**

Investments are valued at cost or market value which ever is lower. Long Term investments are carried at cost unless there is a permanent diminution in the value of investment. Income from investments is recognized in the year in which it is accrued and is stated at gross. Profit / Loss on sale / redemption of investments are recognized in the profit and loss account in the year of sale.

### **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.

Long term foreign currency monetary assets and liabilities, which does not relate to acquisition of fixed assets, are translated at the exchange rates prevailing on the balance sheet date and the resultant exchange differences are accumulated in the foreign currency monetary item translation reserve and amortized over the balance period of such long term asset/liability but not beyond March 31, 2011.

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.

### **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.

## GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED

### Earnings Per Share

The earnings considered in ascertaining the Company's Earning 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.

### Taxes on Income

Current tax is determined based on the amount of tax payable in respect of taxable income for the year. Deferred tax Asset/Liability in respect of timing differences which will reverse during the tax holiday period have not been recognized to the extent gross total income is subject to deduction during the tax holiday period, as per the requirement of Section 80IA of the Income Tax Act, 1961.

### Operating Lease

The Company recognizes Lease rent expenditure in the Profit and Loss Account over the term of lease as per agreement.

### Operation and Maintenance

The Company has entered into Operation and Maintenance Agreement for Operations, Regular and Major Maintenance of the carriageway. Amounts payable under the O&M Agreement are charged to Profit and loss Account on accrual basis.

## II. Notes to the Accounts:

1. Paid up capital of the company consisted of 10,00,000 equity shares of Rs.10 each.
2. Annuity is a fixed periodic payment (half yearly rests) receivable from NHAI as per Schedule J of the Concession Agreement. The Eleventh and Twelfth installments of annuity were received during the financial year ended March 31, 2011 on respective due dates. The revenue till 31st March 2011, has been recognized and accounted on prorata basis.

### 3. Related Party transactions

#### a) Names of related parties and description of relationship:

(i)	Enterprises that control the Company	GMR Infrastructure Company (GIL) (Holding Company) GMR Holding Pvt Ltd. (GHPL)
(ii)	Shareholders having Substantial Interest	GMR Highways Ltd GMR Power Corporation Ltd (GPCL) UE Development India Pvt Ltd (UEDI) Rushil Construction (India) Pvt Ltd

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**

(iii)	Fellow Subsidiaries (at GIL Level) (restricted to one step subsidiary relationship)	GMR Aviation Private Limited (GAPL) GMR Energy Ltd (GEL) GMR Ambala Chandigarh Expressways Pvt Ltd. ( GACEPL ) GMR Ulundurpet Expressways Pvt Ltd (GUEPL) GMR Jadcherla Expressways Pvt Ltd (GJE) GMR Corporate Affairs Pvt Ltd.(GCAPL)
(vi)	Enterprise where key Management Personnel and their relatives exercise significant influence.	Raxa Securities Services Ltd. (RSSL) GMR Bannerhatta Properties Pvt Ltd. (GPPL) GMR Varalakshmi Foundation (GVF)
(vii)	Key Management Personnel and their relatives	Mr. Srinivas Bommidala Mr. O Bangaru Raju Mr. S Rameshwara Rao

b) Summary of transactions with the above related parties during the year is as follows:

(Amount in Rupees)

Particulars	2011	2010
Operation and Maintenance to UEDI (Shareholders having Substantial Interest)		
- Monthly	2,41,81,350	2,20,02,774
- Periodic Maintenance		
Provision Based	1,72,76,800	1,85,14,172
Advance Payment	3,35,00,000	2,87,75,510
Annual Management Fee		
- GEL (Fellow Subsidiaries)	-	82,72,500
- GHIL (Shareholders having Substantial Interest )	1,65,45,000	82,72,500
Security Service Charges (Enterprise where significant influence exist)		
- RSSL	13,41,158	1,04,521
Donations (Enterprise where significant influence exists)		
- GVF	8,40,000	8,40,000
Aircraft Charges ( Fellow Subsidiaries )		
- GAPL	24,15,384	86,57,907
Trade mark and Logo Fee (Enterprises that control the Company)		
- GHPL	20,57,309	9,14,828

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**

Managerial Remuneration (Key Management Personnel and their relatives)		
- Mr. S. Rameswara Rao	22,14,402	19,94,185
Rent Payment (Enterprise where significant influence exists)		
- GMR Bannerghatta Properties Pvt Ltd	54,51,083	51,68,305
- GMR Corporate Affairs Pvt Ltd	74,79,881	12,36,129
Ofc Maintenance and Electricity		
- GMR Corporate Affairs Pvt Ltd	18,53,377	3,37,390
Consultancy		
- GMR Corporate Affairs Pvt Ltd	64,29,653	60,00,000
Rent Deposit		
- GMR Bannerghatta Properties Pvt Ltd	83,04,000	83,04,000
Subordinate Debt -		
- GEL	324,860,000	324,860,000
- UEDI	114,140,000	114,140,000
Interest payment on Sub Debt		
- GEL (Fellow Subsidiaries)	32,48,600	32,48,600
- UEDI (Shareholders having Substantial Interest)	11,41,400	11,41,400
Investment in Preference Share capital		
- Rushil Construction (India) Pvt Ltd	3,66,00,000	5,41,00,000

**4. Earnings Per Share (EPS)**

*(Amount in Rupees)*

Particulars	Year ended March 31,	
	2011	2010
Nominal Value of Equity Shares (Rs. per Share)	10	10
<b>Weighted Average number of Equity Shares outstanding during the year</b>	10,00,000	10,00,000
Profit after Taxes (Rs. in Lacs)	7,51,73,998	10,13,11,218
<b>EPS – Basic and Diluted (Rs.)</b>	<b>75.17</b>	<b>101.31</b>

Notes : Since the Company does not have any dilutive securities, the basic and diluted earnings per share are the same.

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**

**5. Managerial Remuneration**

(Amount in Rupees)

Particulars	2011	2010
Salaries	16,19,553	19,94,185
Perquisites and others	5,12,460	-
Sitting Fees	70,000	70,000
<b>Total</b>	<b>22,84,402</b>	<b>20,64,185</b>

Notes: The above figures do not include provision for gratuity, superannuation and premium for personal accidental policy, as the same are determined for the company as a whole.

**6. Employee benefits**

a) Defined contribution plan

Contribution to Provident and other funds are as under: ( Amount in Rupees )

Particulars	2011	2010
Contribution to provident fund	8,60,092	961325
Contribution to superannuation fund	2,69,732	2,69,042
	<b>11,29,824</b>	<b>12,30,367</b>

b) Defined benefit plan

Entity is covered under 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

	2011	2010
Current service cost	1,02,463	1,05,905
Interest cost on benefit obligation	46,042	37,928
Expected return on plan assets	(90,720)	97,438
Net actuarial( gain) / loss recognised	(42,456)	(24,964)
Past service cost	-	-
Net benefit expense	15,329	71,359
Actual return on plan assets	1,02,060	97,438

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**

Balance sheet

( Amount in Rupees )

	2011	2010
Defined benefit obligation	6,70,235	6,35,394
Fair value of plan assets	12,36,055	11,33,995
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	5,65,820	4,98,601

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

	2011	2010
Opening fair value of plan assets	11,33,995	1044055
New Acquisition	-	-
Expected return	90,720	97438
Contributions by employer	-	-
Benefits paid	-	7498
Actuarial gains / (losses)	11,340	(14,996)
Adjustment on transfer	-	-
Closing fair value of plan assets	12,36,055	11,33,995

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.

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**

- 7) Deferred tax asset as per the requirements of AS-22 “Accounting for taxes on income” issued by Institute of Chartered Accountants of India has not been recognised during the year, on the timing differences to the extent reversing within tax holiday period of the company under provisions of Section 80-IA of the Income Tax Act, 1961.
- 8) Current Year provision for Tax/MAT has been computed in accordance with the provisions of the Income Tax Act 1961 and provided in the books of account. The Company is eligible to avail of tax holiday under Sec.80 IA of the Income Tax Act, 1961, and so the management has decided to opt for tax holiday from 2007-08 FY.
- 9) Investments purchased and sold during the year:

*(Amount in Rupees)*

Sl. No.	Name of Mutual Fund	Purchases		Sales	
		Units	Value	Units	Value
1	Birla Sunlife Cash Plus Institutional Premium – Growth	14,14,580	4,62,00,000	31,27,106	4,64,27,285
		(46,29,881)	(6,78,00,000)	(2,917,355)	( 42,699,465)
2.	Birla Sunlife Saving Fund Institutional – Growth	14,42,553	2,52,49,150	14,42,553	2,54,12,182
		(19,59,020)	(3,39,97,623)	(1,959,020)	(34,157,902)
3.	HDFC Cash Management Fund - Treasury Advantage Plan-W Growth	1,38,57,306	28,02,19,027	1,38,57,306	28,27,84,830
		(48,31,265)	(9,64,34,944)	(4,831,265)	(97,418,558)
4.	HDFC Liquid Fund Premium Plan Growth	3,62,81,785	76,49,13,220	4,09,88,933	76,81,24,588
		(4,09,75,366)	(74,30,00,000)	(36,268,218)	(658,067,035)
5.	ICICI Prudential Flexible Income Plan Premium - Growth	10,83,406	18,67,27,679	10,83,406	18,74,76,932
		(12,32,710)	(20,87,49,174)	(1,232,710)	(210,484,351)
6.	ICICI Prudential Inst. Liquid Plan - Super Institutional .growth	41,35,635	66,05,09,936	47,71,603	66,49,67,336
		(16,78,46,046)	(2,88,42,90,864)	(162,337,496)	( 2,152,581,599)

**Notes:**

1. The Sales realization excludes dividend, if any, received from Mutual Fund.
2. Previous year figures are shown in brackets

- 10) The Company does not have more than one segment to be reported and hence, the Accounting Standard 17 for Segment Reporting as prescribed by Institute of Chartered Accountants of India is not applicable to the Company.

**GMR TUNI ANAKAPALLI EXPRESSWAYS PRIVATE LIMITED**

- 11) The Company is not engaged in any manufacturing activity. Additional information pursuant to paras 3,4,4-C, and 4-D of part II of Schedule VI to the Companies Act, 1956 to the extent either 'Nil' or 'Not Applicable' has not been furnished.
- 12) Previous period figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached

**For I. S. Prasad & Setty Associates**  
**Firm Registration No: 007729S**  
**Chartered Accountants**

**-Sd-**  
**I S Prasad**  
**Partner**  
**Membership No: 021968**

**For and on behalf of the Board of Directors**

**-Sd-**  
**Srinivas Bommidala**  
**Chairman**

**-Sd-**  
**O. Bangaru Raju**  
**Director**

**Place: Bangalore**

**Dated: 16.05.2011**

**-Sd-**  
**Manager**  
**S Rameshwara Rao**