

**GIRISH  
MURTHY & KUMAR**  
**Chartered Accountants**

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**AUDITORS' REPORT**

**TO THE MEMBERS OF LARKSPUR PROPERTIES PRIVATE LIMITED**

We have audited the attached Balance Sheet of LARKSPUR PROPERTIES PRIVATE LIMITED as on 31<sup>st</sup> March 2011 and the related Profit and loss account and the Cash flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As required by the Companies (Auditors report) order, 2003, as amended by the companies ( auditors 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" the companies act,1956 of India( the act), and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of our audit, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.

Further, we report that,

1. 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.
2. In our opinion, proper books of account, as required by law have been kept by the company, so far as appears from our examination of the books.
3. The said Balance Sheet, the Profit and loss account and cash flow statement dealt with by this report are in agreement with books of account.

**GIRISH  
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**Chartered Accountants**

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4. In our opinion, the Balance Sheet , the Profit and loss account and cash flow statement dealt with by this report complies with the mandatory Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956, and
5. On the basis of written representations received from the directors as at 31<sup>st</sup> March 2011 and taken on record by the board of directors, we report that none of the directors is 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 companies act,1956.

In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, together with and subject to notes annexed thereto, give the information required, and give a true and fair view:

- a. In the case of Balance Sheet of the state of affairs of the company as at 31st March 2011; and
- b. In the case of the profit and loss account, of the loss incurred for the year ended on that date
- c. In the case of the cash flow Statement, of the cash flows for the year ended on that date.

PLACE : BANGALORE  
DATED : 9<sup>th</sup> May, 2011

FOR GIRISH MURTHY & KUMAR  
Firm Registration No: 000934S  
Chartered Accountant

(B GIRISH RAO)  
Partner.  
Membership number: 85745

**GIRISH**  
**MURTHY & KUMAR**  
**Chartered Accountants**

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Annexure to the Auditors Report

- i) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. During the year, the management has physically verified the fixed assets and there were no discrepancies. None of the fixed assets have been sold/disposed off during the year and as such going concern status of the company is not affected
- ii) The company has not commenced its operations and is not holding any stock of raw materials, semi finished and finished goods and therefore reporting under this clause of caro is not applicable.
- iii) The company has not taken loans from companies or other parties listed in the register maintained under section 301 of the Companies Act, 1956.. The company has not granted any loans, secured or unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the companies act 1956
- iv) The company has not given any loans or advances in the nature of loans during the year
- v) The company is yet to commence its operations and has not purchased raw materials or components during the year. In our opinion, for the purchase of assets there is an adequate internal control procedure commensurate with the size of the company and the nature of its business. Further we have not noticed any evidence of persisting failures to correct major weakness in internal control.
- vi) The company has not entered into any contract falling under Section 297 and therefore no particulars of transaction have been entered in the Register in pursuance of section 301 of the act.
- vii) The company has not accepted deposits from the public during the year to which the provisions of section 58A and 58AA of the companies Act, 1956 and the rules framed there under are applicable.

**GIRISH**  
**MURTHY & KUMAR**  
**Chartered Accountants**

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- viii) In our opinion, the company's present Internal Audit system is commensurate with the size and nature of its business.
- ix) The central government has not prescribed the maintenance of cost records by the companies under section 209(i)(d) of the companies act, 1956.
- x) The Company is regular in depositing undisputed amount of statutory dues of income tax with appropriate authorities. we are informed by the company that the Investor education and protection fund, wealth tax, Provident Fund act, service tax act, Employees State Insurance Scheme sales tax, excise, customs and cess are not applicable to the Company for the current year.
- xi) According to the information and explanations given to us there are no dues of income tax and any other tax which have not been deposited on account of any dispute. we are informed by the company that the Investor education and protection fund, wealth tax, Provident Fund act, service tax act, Employees State Insurance Scheme sales tax, excise, customs and cess are not applicable to the Company for the current year.
- xii) The company has not granted any loans/advances on the basis of security by way pledge of shares, debenture and other securities. As such no records and documents have been maintained.
- xiii) According to the information and explanations given to us, the company is not dealing or trading in shares, debentures and other investments and as such no records have been maintained.
- xiv) We have been informed by the company that it has not given any guarantee for any loans taken by the others from banks and financial institutions.
- xv) In our opinion, and on the basis of our examination and according to the information and explanations given to us, on an overall examination of the balance sheet of the Company, we report that during the year, prima facie, the Company has not used funds raised on short-term basis for long-term investment.

**GIRISH  
MURTHY & KUMAR  
Chartered Accountants**

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

PLACE : BANGALORE  
DATED : 9<sup>th</sup> May, 2011

FOR GIRISH MURTHY & KUMAR  
Firm Registration No: 000934S  
Chartered Accountant

Sd/-  
(B GIRISH RAO)  
Partner.  
Membership number: 85745

**Larkspur Properties Private Limited**  
Skip House, No. 25/1, Museum Road, Bangalore - 560 025

**BALANCE SHEET AS AT MARCH 31, 2011**

Particulars	Schedule	As at March 31, 2011	
		Rs.	
<b><u>SOURCES OF FUNDS</u></b>			
<b>Share holders' Funds</b>			
Share Capital	A		100,000
Share Application Money Pending allotment			4,000,000
<b>Total</b>			<b>4,100,000</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>	B		2,036,350
<b>Current Assets, Loans &amp; Advances</b>			
Cash & Bank Balances	C	507,798	
Loans & Advances	D	1,509,802	
		2,017,600	
<b>Current Liabilities &amp; Provisions</b>			
Current Liabilities	E	-	
Provisions	F	5,515	
Net Current Assets			2,012,085
<b>Miscellaneous expenditure</b>			
Debit Balance in Profit & Loss Account			51,565
<b>Total</b>			<b>4,100,000</b>
Significant Accounting Policies & Notes to accounts	H		

As per our Report of even date attached

for and on behalf of the Board

**For Girish Murthy & Kumar**  
Firm Registration No: 000934S  
Chartered Accountants

Sd/-  
**B Girish Rao**  
Partner  
M No: 85745

Sd/-  
**Govind Bhat**  
Director

Sd/-  
**B V S**  
Dir

Place : Bangalore

**Larkspur Properties Private Limited**  
Skip House, No. 25/1, Museum Road, Bangalore - 560 025  
**Profit And Loss Account for the Year ended March 31, 2011**

Particulars	Schedule	Year ended March 31, 2011 Rs.	Year ended March 31, 2010 Rs.
<b>I. Income</b>		-	-
<b>II. Expenditure</b>		-	-
Administration Cost	G	15,916	28,684
Preliminary Expenses Written off			6,965
		15,916	35,649
<b>III. Profit/(Loss) Before Taxation</b>		(15,916)	(35,649)
<b>IV. Provision for Taxation - Current</b>		-	-
<b>V. Profit/(Loss) After Taxation</b>		(15,916)	(35,649)
Balance brought forward from previous period		(35,649)	-
<b>VI. Balance carried to Balance Sheet</b>		<b>(51,565)</b>	(35,649)
<b>Significant Accounting Policies and Notes to the Accounts</b>	H		

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

**For Girish Murthy & Kumar**  
Firm Registration No: 000934S  
Chartered Accountants

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

Sd/-  
B Girish Rao  
**Partner**  
M No: 85745

Sd/-  
Govind Bhat  
**Director**

Sd/-  
B V Suresh Babu  
**Director**

**Place : Bangalore**  
Date : 9th May, 2011

**Larkspur Properties Private Limited**  
Cash Flow Statement For The Year Ended March 31, 2011

(Amount in Rupees)

	Year ended March 31, 2011	Year ended March 31, 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) Before Tax and Extraordinary Items	(15,916)	-
Adjustments for :	-	-
Operating Profit Before Working Capital Changes	(15,916)	-
Adjustments for :		
Changes in Trade and Other Receivables	(1,509,802)	(4,726)
Preliminary Expenses to the Extent Not Written Off	-	9,016
Changes in Trade and other Payables	-	(10,264)
<b>Cash generated from Operations</b>	<b>(1,525,718)</b>	<b>(5,974)</b>
Income Taxes paid	-	-
Fringe Benefit Tax paid	-	(4,726)
Taxes paid	-	-
<b>Net Cash Flow from Operating Activities</b>	<b>(1,525,718)</b>	<b>(10,700)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets & Capital Advances (net of foreign exchange fluctuations)	(2,036,350)	(7,085,402)
Amount spent during Construction, pending allocation (net of Depreciation)		7,067,437
<b>Net Cash used in Investing Activities</b>	<b>(2,036,350)</b>	<b>(17,965)</b>
<b>C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES</b>		
Proceeds from/(Repayment of) Share Application Money	4,000,000	15,000
Finance Charges paid	-	-
Proceeds from Issue of Equity Shares	-	-
<b>Net Cash used in Financing Activities</b>	<b>4,000,000</b>	<b>15,000</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents</b>	<b>437,932</b>	<b>(13,665)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>69,866</b>	<b>60,128</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>507,798</b>	<b>12,334</b>

**Notes:**

1.The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

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

For and on behalf of the Board of Directors

Sd/-  
**For Girish Murthy & Kumar**  
Firm Registration No: 000934S  
Chartered Accountants  
**B Girish Rao**  
Partner  
M No : 85745  
Place : Bangalore  
Date : 9th May, 2011

Sd/-  
**Govind Bhat**  
Director

S  
**B V Suresh Bab**  
Director

## Larkspur Properties Private Limited

Skip House, No. 25/1, Museum Road, Bangalore - 560 025

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

Particulars	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
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#### SCHEDULE - A

<b>Share Capital</b>		
<b>Authorised</b>		
10,000 Equity Shares of Rs.10/- each	100,000	100,000
<b>Issued, Subscribed &amp; Paid Up</b>		
10,000 Fully Paid up Equity Shares of Rs. 10/- each (Out of the above, 9990 Equity Shares fully paid-up are held by the holding company GMR SEZ & Port Holdings Private Limited)	100,000	-
10,000 Fully Paid up Equity Shares of Rs. 10/- each (Out of the above, 9990 Equity Shares fully paid-up are held by the holding company GMR Enterprises Private Limited)	-	100,000
	<b>100,000</b>	<b>100,000</b>

#### SCHEDULE - B

<b>Fixed Assets</b>		
a) Land at Cost	-	-
b) Capital Work-in-Progress	36,350	-
c) Capital Advances	2,000,000	-
	<b>2,036,350</b>	<b>-</b>

#### SCHEDULE - C

<b>Cash &amp; Bank Balances</b>		
Cash balance	-	-
Balance with Scheduled Banks	507,798	69,866
	<b>507,798</b>	<b>69,866</b>

#### SCHEDULE - D

<b>Loans &amp; Advances</b>		
Advances pending more than six months		
Advance recoverable in cash or in kind	1,500,000	-
Prepaid Expenses	9,802	-
	<b>1,509,802</b>	<b>-</b>

#### SCHEDULE - E

<b>Current Liabilities</b>		
Provision for Expenses		5,515
	-	<b>5,515</b>

#### SCHEDULE - F

<b>Provisions</b>		
Audit Fee Payable	5,515	-
	<b>5,515</b>	<b>-</b>

**Larkspur Properties Private Limited**  
Skip House, No. 25/1, Museum Road, Bangalore - 560 025

Schedules forming part of the Profit and Loss Account for the Year ended March 31, 2011

Schedule G	Year ended March 31, 2011	Year ended March 31, 2010
	Rs.	Rs.
<b>Administration and Other Expenses</b>		
Insurance	1,520	-
ROC Charges	1,000	2,500
Licence Fee	-	-
Conveyance	3,000	-
Audit Fee	5,515	16,648
Certification fees	800	-
Printing & Stationery	3,000	4,208
Professional Charges		4,800
Staffwelfare expenses	305	-
Bank Charges	776	528
<b>Total</b>	<b>15,916</b>	<b>28,684</b>

**Larkspur Properties Private Limited**  
Skip House, No. 25/1, Museum Road, Bangalore - 560 025

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1</b>	<b>Registration Details</b>			
	Registration No.	U45200KA2008PTC045466		
	Balance Sheet Date	31.03.2011	State Code	08
<b>2</b>	<b>Capital Raised during the year (Amount in Rs. Thousands)</b>			
	Public Issue	Nil	Rights Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
<b>3</b>	<b>Position of Mobilisation and Development of Funds ( Amount in Rs. Thousands)</b>			
	Total Liabilities	4,106	Total assets	4,106
	<b>Sources of Funds</b>			
	Paid - Up Capital	100	Unsecured Loans	-
	Reserves & Surplus	-	Share Application Money	4,000
	Secured Loans	-	Current Liabilities	6
	<b>Application of Funds</b>			
	Net Fixed Assets	2,036	Investments	-
	Current Assets	2,018	Misc. Expenditure	-
	Accumulated Losses	52	Expenditure for Allocation	-
<b>4</b>	<b>Performance of company ( Amount in Rs. Thousands)</b>			
	Gross Income	Nil	Total Expenditure	16
	+ / - Profit / Loss Before Tax	(16)	+ / - Profit / Loss After Tax	(16)
	Earning Per Share in Rs.	(5.16)	Dividend Rate %	Nil
<b>5</b>	<b>Generic Names of Three Principal Products / Services of Company (as per monetary terms)</b>			
	Item Code No. :	N.A		
	Product Description	N.A		

for and on behalf of the Board

Sd/-  
**Govind Bhat**  
Director

Sd/-  
**B V Suresh Babu**  
Director

Place : Bangalore  
Date : 9th May, 2011

## Schedule – H

### SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Preparation of Financial Statements:

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

#### B. Use of Estimates:

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets, liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

#### C. Fixed Assets and Capital Work-in-progress:

- i) The gross block of fixed assets is stated at cost of acquisition or construction, including any cost attributable to bringing the assets to their working condition for their intended use.
- ii) All Project related expenditure viz. Interest on bank overdraft & other loans, Legal/Professional charges, Shared Manpower cost, Repairs & Maintenance etc incurred prior to the date of commercial operation are shown under Capital Work-in-Progress. These expenses are net of recoveries and income (net of tax) from surplus funds arising out of project specific borrowings.

#### D. Depreciation:

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

#### E. Borrowing cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of that asset till the date of capitalization of qualifying asset. Other borrowing costs are recognized as expenses in the period in which they are incurred.

#### F. Investments:

- i) Long term Investments are stated at cost. Provision for diminution in value of long term investments is made only if such a decline is other than temporary in the opinion of the management.
- ii) Current Investments are stated at cost or market value whichever is lower.

**G. Earnings per share:**

The basic earnings per share are computed by dividing the net profit after tax for the period by the weighted average number of equity shares outstanding during the period. Diluted earnings per share, if any are computed using the weighted average number of equity shares and dilutive potential equity share outstanding during the period except when the results would be anti-dilutive.

**H. Taxes on Income:**

Tax expense comprises of current and deferred tax. Current tax is determined based on the amount of tax payable in respect of taxable income for the year in accordance with the applicable laws. Deferred tax is recognised on timing differences, being the difference between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years.

Deferred tax assets and liabilities are computed on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**I. Contingent Liabilities:**

Contingent liabilities, if any, are disclosed by way of Notes on accounts. Provision is made in the Accounts in respect of those contingencies which are likely to materialize into liabilities after the year end, till the approval of accounts by the Board of Directors and which have material effect on the position stated in Balance sheet.

**NOTES TO ACCOUNTS**

**1. Nature of Business:**

Larkspur Properties Private Limited is presently a subsidiary company of GMR SEZ & Port Holdings Private Limited. The company is in the process of procurement of land near Hosur, in the state of Tamil Nadu. The company intends to develop the land procured.

**2. Capital commitments:**

Estimated amount of contracts remaining to be executed on capital account not provided for, net of advances Rs. NIL ( Mar'10 - Rs.NIL).

**3. Details of Auditors Remuneration:**

Particulars	(Amount in Rupees)	
	Year Ended 31 <sup>st</sup> Mar'11	Year Ended 31 <sup>st</sup> Mar'10
i) Statutory Audit Fees	5,515	5,515
ii) Certification Fees	-	-

**4. Other additional information pursuant to Para 3, 4, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956, to the extent not applicable or Nil has not been provided.**

Larkspur Properties Private Limited

5. Related Party transactions

a) Name of Related Parties and description of Relationship.

Sreepa Properties Private Limited - Related parties		
(i)	Enterprises that control the Company	GMR SEZ & Port Holdings Private Limited (GSPHPL) (Holding Company) GMR Infrastructure Limited (GIL) GMR Holdings Private Limited (GHPL)
(ii)	Fellow Subsidiary Companies	Advika Properties Private Limited (Advika) Aklima Properties Private Limited (Aklima) Amartya Properties Private Limited (APPL) Baruni Properties Private Limited (Baruni) Bougainvillea Properties Private Limited (BPPL) Camelia Properties Private Limited (CPPL) Deepesh Properties Private Limited (DPPL) Eila Properties Private Limited (EPPL) Krishnapriya Properties Private Limited (KPPL) Gerbera Properties Private Limited (GPPL) Honeysuckle Properties Private Limited (HPPL) Idika Properties Private Limited (IPPL) Lakshmi Priya Properties Private Limited (LPPL) Nadira Properties Private Limited (NPPL) Padmapriya Properties Private Limited (PPPPL) Prakalpa Properties Private Limited (Prakalpa) Purnachandra Properties Private Limited (PPPL) Shreyadita Properties Private Limited (SPPPL) Sreepa Properties Private Limited (Sreepa)
(iii)	Key Management Personnel	Mr. B V Suresh Babu Mr. Govind Bhat

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

(Amount in Rupees)

Particulars	Year Ended 31 <sup>st</sup> Mar'11	Year Ended 31 <sup>st</sup> Mar'10
i) Shares application money received		
- Enterprises that Control the Company - GSPHPL	4,000,000-	-

c) Balance as on 31<sup>st</sup> Mar'11 is as under for following related parties.

(Amount in Rupees)

Name of the company	Year Ended 31 <sup>st</sup> Mar'11	Year Ended 31 <sup>st</sup> Mar'10
Balance Payable to:		
- Enterprises that Control the Company - GSPHPL	4,000,000	-

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

**6. Earnings per Share (EPS)**

<b>Particulars</b>	<b>Year Ended 31<sup>st</sup> Mar'11</b>	<b>Year Ended 31<sup>st</sup> Mar'10</b>
Nominal value of Equity Shares(Rs. Per share)	10	10
Total No. of Equity Shares outstanding at the beginning of the Period/Year	10,000	10,000
Total No. of Equity Shares outstanding at the end of the Period/Year	10,000	10,000
Weighted average No. of Equity shares for Basic earnings per Share	10,000	10,000
Profit / (loss) as per Profit and loss Account (Rs.)	(15,916)	(35,649)
Less: Dividend on Preference shares (including tax thereon)	-	-
Profit/ (Loss) for Earning per share (Rs.)	(15,916)	(35,649)
Earnings per Share (EPS) (Rs.)	(1.59)	(3.56)

7. There are no micro and small enterprises to which 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.

**8. Segment Reporting**

The company is engaged primarily in the business of procurement of land. Accordingly separate primary and secondary segment reporting disclosures as envisaged in Accounting Standard (AS-17) on Segmental Reporting issued by the ICAI are not applicable to the present activities of the company.

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

For Girish Murthy & Kumar  
Firm Registration No: 000934S  
Chartered Accountants

for and on Behalf of Board

Sd/-  
**B Girish Rao**  
Partner  
Membership Number: 85745

Sd/-  
**Mr. Govind Bhat**  
Director

Sd/-  
**Mr. B V Suresh Babu**  
Director

Place : Bangalore.  
Date : 9<sup>th</sup> May, 2011.