

# **GMR INFRASTRUCTURE LIMITED**

## **CONSOLIDATED FINANCIAL STATEMENTS**

# Auditors' Report to the Board of Directors of GMR Infrastructure Limited

Dear Sirs,

1. We have audited the attached Consolidated Balance Sheet of GMR Infrastructure Limited ('the Company') and its subsidiaries and associate (collectively referred to as 'the Group') as at March 31, 2007, the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date, annexed there to, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We have 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 1,173.45 Crore as at March 31, 2007 and total revenues of Rs. 173.12 Crore for the year ended on that date, and net cash inflows of Rs. 20.96 Crore for the year ended on that date and an associate whose financial statements reflect the Group's share of profits of Rs. 0.002 Crore for the year ended March 31, 2007, considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of such subsidiaries and associate, is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements' and Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries and an associate included in the Consolidated Financial Statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its aforesaid subsidiaries and associate, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2007;
  - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
  - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

Place: Bangalore  
Date: June 30, 2007

**Sd/-**  
**P. Rama Krishna**  
**Partner**  
Membership Number 22795  
For and on behalf of  
**Price Waterhouse**  
**Chartered Accountants**

## Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Particulars	Schedule	March 31, 2007		March 31, 2006	
<b>I. Sources of Funds</b>					
<b>1. Shareholders' Funds</b>					
(a) Capital	1	331.07		264.44	
(b) Reserves and Surplus	2	1,661.22	1,992.29	306.00	570.44
<b>2. Minority Interest</b>			526.08		424.34
<b>3. Loan Funds</b>					
(a) Secured Loans	3	3,021.96		2,592.45	
(b) Unsecured Loans	4	683.72	3,705.68	377.82	2,970.27
<b>4. Deferred Tax Liabilities</b>			14.45		0.18
<b>Total</b>			<b>6,238.50</b>		<b>3,965.23</b>
<b>II. Application of Funds</b>					
<b>1. Fixed Assets</b>					
(a) Gross Block	5	4,140.61		2,455.89	
(b) Less: Depreciation		1,240.65		1,105.12	
(c) Net Block		2,899.96		1,350.77	
(d) Capital Work-in-Progress (including capital advances)		1,423.18	4,323.14	1,386.83	2,737.60
<b>2. Expenditure during construction period, pending allocation (net)</b>	6		482.80		245.01
<b>3. Investments</b>	7		262.47		255.69
<b>4. Current Assets, Loans and Advances</b>					
(a) Inventories	8	30.41		35.86	
(b) Sundry Debtors	9	386.02		236.85	
(c) Cash and Bank Balances	10	1,300.04		675.75	
(d) Other Current Assets	11	13.72		84.14	
(e) Loans and Advances	12	187.02		105.15	
		1,917.21		1,137.75	
Less: Current Liabilities and Provisions	13				
(a) Liabilities		662.66		337.63	
(b) Provisions		84.46		73.19	
		747.12		410.82	
Net Current Assets			1,170.09		726.93
<b>Total</b>			<b>6,238.50</b>		<b>3,965.23</b>
Statement on Significant Accounting Policies and Notes to the Consolidated Accounts	19				

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

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

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

**Sd/-**  
**P. Rama Krishna**  
Partner  
Membership Number 22795  
For and on behalf of  
**Price Waterhouse**  
**Chartered Accountants**

**Sd/-**  
**G.M. Rao**  
Chairman &  
Managing Director

**Sd/-**  
**G.B.S Raju**  
Group Director &  
Group CFO

**Sd/-**  
**A.S. Cherukupalli**  
Company Secretary

Place: Bangalore  
Date: June 30, 2007

## Consolidated Profit And Loss Account for the year ended March 31, 2007

(Rs. in Crore)

Particulars	Schedule	March 31, 2007	March 31, 2006
<b>I. Income</b>			
Sales and Operating Income	14	1,968.72	1,061.65
Less: Annual fees paid to Airports Authority of India		271.98	-
		1,696.74	1,061.65
Other Income	15	18.33	3.33
<b>Net Income</b>		<b>1,715.07</b>	<b>1,064.98</b>
<b>II. Expenditure</b>			
Generation and Operating Expenses	16	884.40	505.79
Administration and Other Expenses	17	268.66	102.82
Interest and Finance Charges	18	144.14	130.27
Depreciation		134.56	219.97
		<b>1,431.76</b>	<b>958.85</b>
<b>III. Profit Before Taxation and before Minority Interest/Share of profits of Associate</b>		<b>283.31</b>	<b>106.13</b>
Provision for Taxation			
- Current		28.77	11.23
- Less: MAT Credit availed		4.65	-
- Deferred		14.27	(0.08)
- Fringe Benefit		3.15	1.36
<b>IV. Profit after Taxation and before Minority Interest/Share of profits of Associate</b>		<b>241.77</b>	<b>93.62</b>
Minority Interest		67.34	23.06
<b>V. Net Profit after Minority Interest/Share of profits of Associate</b>		<b>174.43</b>	<b>70.56</b>
Surplus brought forward		117.46	67.90
<b>VI. Amount available for appropriation</b>		<b>291.89</b>	<b>138.46</b>
<b>Appropriations:</b>			
Transfer (from)/to Debenture Redemption Reserve		(18.61)	3.75
Transfer (from)/to Goodwill/Capital Reserve on acquisitions - (net)		(0.44)	-
Issue of bonus shares		-	9.93
Dividend Distribution Tax		2.33	7.32
<b>VII. Available Surplus carried to Balance Sheet</b>		<b>308.61</b>	<b>117.46</b>
Earnings Per Share (Rs.) - Basic and Diluted		5.56	2.67
Statement on Significant Accounting Policies and Notes to the Consolidated Accounts	19		

The schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

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

For and on behalf of the Board of Directors

Sd/-  
**P. Rama Krishna**  
 Partner  
 Membership Number 22795  
 For and on behalf of  
**Price Waterhouse**  
**Chartered Accountants**

Sd/-  
**G.M. Rao**  
 Chairman &  
 Managing Director

Sd/-  
**G.B.S Raju**  
 Group Director &  
 Group CFO

Sd/-  
**A.S. Cherukupalli**  
 Company Secretary

Place: Bangalore  
 Date: June 30, 2007

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 1	March 31, 2007	March 31, 2006
<b>CAPITAL</b>		
<b>Authorised</b>		
400,000,000 Equity shares of Rs. 10 each	400.00	400.00
	<b>400.00</b>	<b>400.00</b>
<b>Issued, Subscribed and Paid Up</b>		
331,084,000 (2006: 264,436,814) Equity Shares of Rs. 10 each fully paid-up	331.08	264.44
Notes: Of the above,		
(i) 105,774,723 equity shares of Rs.10 each fully paid-up were allotted during the year ended March 31, 2006, by way of bonus shares by capitalising free reserves of the company.		
(ii) 266,722,722 (2006 : 264,435,751) Equity Shares of Rs 10 each fully paid-up are held by the holding company, GMR Holdings Private Limited.		
	<b>331.08</b>	<b>264.44</b>
Less: Calls unpaid	0.01	-
<b>Total</b>	<b>331.07</b>	<b>264.44</b>

(Rs. in Crore)

Schedule 2	March 31, 2007	March 31, 2006
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve on consolidation</b>		
As at the commencement of the year	144.79	76.87
Add: Additions for the year	-	67.92
Less: Reduction on account of acquisition	19.10	-
	<b>125.69</b>	<b>144.79</b>
<b>Capital Redemption Reserve</b>		
At the commencement of the year	-	18.50
Less : Utilised towards issue of bonus shares	-	18.50
	-	-
<b>Securities Premium Account</b>		
At the commencement of the year	-	55.30
Add: Received/Receivable towards public issue of equity shares (Refer Note (iii) (A) and (B) of Schedule 19)	1,272.52	-
Less: Utilised towards share issue expenses	70.67	-
Less : Calls Unpaid	0.07	-
Less : Utilised towards issue of bonus shares	-	55.30
	<b>1,201.78</b>	<b>-</b>
<b>Debenture Redemption Reserve</b>		
At the commencement of the year	43.75	40.00
Add: Transfer from Profit and Loss Account	-	3.75
Less: Transfer to Profit and Loss Account	(18.61)	-
	<b>25.14</b>	<b>43.75</b>
<b>Special Reserve</b>		
(under Section 45 IC of the Reserve Bank of India Act, 1934)		
At the commencement of the year	-	22.04
Less : Transfer to General Reserve	-	22.04
	-	-
<b>General Reserve</b>		
At the commencement of the year	-	-
Add: Transfer from Special Reserve	-	22.04
Less : Utilised towards issue of bonus shares	-	22.04
	-	-
<b>Balance in Profit and Loss Account</b>	<b>308.61</b>	<b>117.46</b>
<b>Total</b>	<b>1,661.22</b>	<b>306.00</b>

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 3	March 31, 2007	March 31, 2006
<b>SECURED LOANS</b>		
<b>Debentures</b>		
(i) <b>185,000 (2006: 555,000) Secured Redeemable Non-Convertible Debentures of Rs. 100 each</b> (Out of the above, debentures amounting to Rs. 0.33 bear interest at the rate of 10% per annum (14% up to March 31, 2004) and debentures amounting to Rs. 0.60 bear interest at the rate of 10% per annum (14% up to December 31, 2004) These debentures are redeemable in 20 equal quarterly installments from October 1, 2002).	0.93	4.63
(ii) <b>300,000 (2006: 600,000) Secured Redeemable Non-Convertible Debentures of Rs. 100 each</b> (These debentures bear interest at the rate of 10% per annum and are redeemable in 4 equal annual installments from January 8, 2005).	3.00	6.00
(iii) <b>162,500 (2006: 325,000) Secured Redeemable Non-Convertible Debentures of Rs. 100 each</b> (These debentures bear interest at the rate of 10% per annum and are redeemable in 4 equal annual installments from February 4, 2005).	1.63	3.25
[The above debentures (i) to (iii) are secured, on pari passu basis, by the first charge through hypothecation of all movable and immovable properties of the Company, both present and future, pledge of equity shares of the Company held by promoter shareholders and their associates.]		
(iv) <b>950 (2006: 1,100) Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each</b> (These debentures bear interest at the rate of 9.81% per annum (8.91% up to September 30, 2006).	95.00	110.00
(v) <b>Nil (2006: 220) Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each</b> (These debentures bear interest at the rate of 8.71% per annum).	-	22.00
(The above debentures (iv) and (v) are secured by immovable property of the Company, pledge of 41,253,000 Shares of the Company held by the promoter shareholders and other third party securities. These debentures are redeemable in 10 annual installments from September 30, 2005)		
(vi) <b>Nil (2006: 3,000) Secured Redeemable Non-Convertible Debentures of Rs. 100,000 each</b> (These debentures bear interest at the rate of 9% per annum. These debentures are redeemable in 10 equal semi annual installments from December 1, 2003).	-	30.00
(Secured by the hypothecation of immovable property of the Company, pledge and by the exclusive first charge on dividends to be declared/received by the company on 48,000,000 (2006: 48,000,000) equity shares in GMR Energy Limited)		
<b>Term Loans</b>		
<b>Rupee loans</b>		
From Financial Institutions	242.77	268.25
(Out of the above Rs.52 (2006 : Rs. 76) relating to GMR Energy Limited was secured by first charge on all the intangibles, and cash flows, both present and future, in the form of dividends and management/consultancy fees from subsidiary companies and a joint mortgage of the immovable properties ranking pari-passu. Further secured by second charge on the movable properties, both present and future, rights, title, interests, benefits, claims and demands in the operating cash flows, treasury income, revenues/receivables and by a first charge by way of pledge of 64,350,000 Equity shares held in a subsidiary company and 52,171,861 Equity shares of the company held by the holding company.)		
From Banks	1,972.30	1,504.07
Interest accrued and due	0.03	-

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 3 (contd.)	March 31, 2007	March 31, 2006
<p><b>Foreign currency loans</b></p> <p>From Financial Institutions</p> <p>From Banks</p> <p>(Foreign currency loans from financial institutions and banks of GMR Energy Limited amounting to Rs. 58.88 (2006 : Rs. 192.19) are secured by an English Mortgage on all movable and immovable assets, tangible and intangible, both present and future, including all revenues and receivables and rights, interest and title in the project documents, trust and retention account balances and guarantees.)</p> <p>(Rupee and Foreign currency term loans of GMR Power Corporation Private Limited amounting to Rs. 106.54 (2006 : Rs. 165.48) and Rs. 17.81 (2006 : Rs. 32.63) respectively, are secured by way of joint equitable mortgage by deposit of the title deeds of the leasehold land of the Company and are also secured by pari-passu first charge on the Company's movables including movable plant and machinery, machinery spares, tools and other movable assets (save and except book debts) both present and future subject to charges created/to be created in favour of Company's bankers on inventories, book debts and such other movables as may be specifically permitted for securing the working capital requirements. Further secured by the irrevocable personal guarantees by some of the Directors of the Company and pledge of 6,18,75,000 shares of company held by the holding company.)</p> <p>(Rupee and Foreign currency term loans of Vemagiri Power Generation Limited amounting to Rs. 608.62 (2006 : Rs. 490.24) and Rs. 177.31 (2006 : Rs. 192.93) are secured by way of pari passu first charge over land, Company's moveable and other assets, both present and future. Further secured by the right, title, interest, benefits, claims and demands of the Company in respect of the project agreements, executed/ to be executed, insurance policies both present and future and all right, title, interest, benefits, claims and demands of the Company in respect of monies lying to the credit of trust and retention account and other accounts. Further secured by way of pledge of 141,015,000 equity shares of the company held by the holding company.)</p> <p>(Rupee term loans from banks of GMR Tambaram Tindivanam Expressways Private Limited amounting to Rs. 453.49 (2006 : 478.60) and GMR Tuni Anakapalli Expressways Private Limited amounting to Rs. 351.76 (2006 : 371.78) are secured by movable and immovable assets of these companies by way of deed of hypothecation and by way of legal mortgage in English form respectively.)</p> <p>(Rupee term loans from banks of GMR Jadcherla Expressways Private Limited amounting to Rs. 43.65 (2006 : Rs. Nil) are secured by way of pari passu first charge over company's movable properties, both present and future, including plant and machinery. Further secured by the right, title, interest, benefit, claims, of the company in respect of the project agreements executed / to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the company in respect of monies lying to the credit of trust and retention account and other accounts. Further secured by way of pledge of 16,227,202 equity shares and 1,803,023 equity shares of the Company held by GMR Infrastructure Limited (GIL) and GMR Energy Limited (GEL) respectively.)</p> <p>(Rupee term loans from banks and financial institutions of GMR Pochanpalli Expressway Private Limited amounting to Rs. 47.31 (2006 : Rs. Nil) and Rs. 4.98 (2006 : Rs. Nil) respectively, are secured by way of pari passu first charge over company's movable properties, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims, of the company in respect of the project agreements executed/to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the company in respect of monies lying to the credit of trust and retention account and other accounts. Further secured by way of pledge of 19,002,600 equity shares and 2,111,400 equity shares of the Company held by GMR Infrastructure Limited and GMR Energy Limited respectively)</p> <p>(Rupee term loans from banks of GMR Ulundurpet Expressway Private Limited amounting to Rs. 37.82 (2006 : Rs. Nil) are secured by way of pari passu first charge over company's movable properties, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims, of the company in respect of the project agreements executed/to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the company in respect of monies lying to the credit of trust and retention account and other accounts. Further secured by way of pledge of 27,367,875 equity shares and 30,40,875 equity shares of the Company held by GMR Infrastructure Limited and GMR Energy Limited respectively)</p> <p>(Rupee term loans from banks of GMR Ambala Chandigarh Expressway Private Limited amounting to Rs. 81.62 (2006 : Rs. Nil) are secured by way of pari passu first charge over company's movable properties, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims, of the company in respect of the project agreements executed/to be executed, insurance policies both present and future, and all rights, title, interest, benefit, claims, demands of the company in respect of monies lying to the credit of trust and retention account and other accounts. Further secured by way of pledge of 13,774,800 equity shares and 15,302,960 equity shares of the Company held by GMR Infrastructure Limited and GMR Energy Limited respectively)</p>	<p>102.44</p> <p>151.53</p>	<p>177.40</p> <p>240.38</p>

## Schedules forming part of The Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 3 (contd.)	March 31, 2007	March 31, 2006
<p><b>From Others</b> (Term loans of GMR Hyderabad International Airport Limited for Phase I are Secured by mortgage of Leasehold Land and first charge on all movable and immovable assets and intangibles and revenues, both present and future, as well as assignment of all right, title, interest, benefits, claims and demands available under the concession agreement and other project documents, security interest in the Trust and Retention Account, Debt Service Reserve Account and further secured by pledge of certain equity shares, both present and future, held or to be held, as the case may be, by both, the holding company and another shareholder)</p> <p>(Term Loans of GHIAL for expansion phase are secured by mortgage of Leasehold Land and first charge on all movable and immovable assets, operating cash flows, book debts, receivables, intangibles, both present and future, and as well as, assignment of security interest in the Trust and Retention Account, Debt Service Reserve Account and other reserves established or to be established and any other bank account wherever maintained, in pari passu with the Lenders of the Phase I)</p>	109.38	61.47
<p><b>Short Term Loans</b> <b>Cash Credit, Demand Loans and Working Capital Loans from Banks</b></p> <p>(The facilities of Delhi International Airport Private Limited amounting to Rs. 0.47 are secured by pledge of shares of the sponsors and charge on all the revenues/receivables of the company to the extent permissible as per project documents)</p> <p>(The facilities of GMR Energy Limited amounting to Rs. 69.80 (2006 : Rs. 93.73) are secured by hypothecation of the stocks and book debt, both present and future, and further secured by creation of a joint mortgage by deposit of title deeds in respect of immovable properties together with all plant and machinery attached to the earth).</p>	70.29	116.74
<p><b>Bills Discounted</b> (The facilities of GMR Energy Limited are secured against letters of credit issued by Canara Bank, Bank of India, Bank of Baroda and Andhra Bank)</p>	196.04	48.26
<p><b>Bank Overdraft</b> (The facilities of GMR Infrastructure Limited are secured by pledge of 2,850,000 fully paid-up equity shares of Rs.10 each of GMR Industries Limited, held by GMR Holdings Private Limited and by way of Guarantee issued by GMR Holdings Private Limited).</p>	76.62	-
<b>Total</b>	<b>3,021.96</b>	<b>2,592.45</b>

(Rs. in Crore)

Schedule 4	March 31, 2007	March 31, 2006
<b>UNSECURED LOANS</b>		
<b>Short Term</b>		
From Banks	160.97	84.95
Interest accrued and due	-	0.03
From Others	1.30	51.80
<b>Other than Short Term</b>		
From Banks	141.10	21.10
Interest free loan from Government of Andhra Pradesh	315.00	157.50
Deposit from Concessionaires	7.50	-
From Others	57.85	62.44
<b>Total</b>	<b>683.72</b>	<b>377.82</b>



## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

### Schedule 5

### Fixed Assets

(Rs. in Crore)

Description	Gross Block				Depreciation				Net Block	
	March 31, 2006	Additions	Additions on inclusion of subsidiaries	March 31, 2007	March 31, 2006	For the year	On account of inclusion of subsidiaries	On Withdrawals	March 31, 2007	March 31, 2006
Goodwill on Consolidation	20.96	352.29	-	373.09	-	-	-	-	-	20.96
<b>Tangible Assets</b>										
Land	12.85	0.95	-	13.80	-	-	-	-	13.80	12.85
Buildings	116.91	117.81	-	233.39	34.22	8.18	-	-	190.99	82.69
Plant and Machinery	1,625.34	1,032.90	-	2,621.38	1,003.64	77.24	-	0.73	1,541.23	621.70
Office Equipment	14.39	15.18	-	28.96	3.89	2.51	-	0.45	23.01	10.50
Capitalised Software	0.97	0.46	-	1.43	0.26	0.32	-	-	0.85	0.71
Leasehold Improvements	0.64	1.56	-	2.20	0.11	0.60	-	-	1.49	0.53
Furniture and Fixtures	5.03	4.84	-	9.27	1.93	0.88	-	0.03	6.49	3.10
Vehicles	1.60	1.54	-	2.99	0.61	0.27	-	0.15	2.26	0.99
<b>Intangible Assets</b>										
Carriage Ways	657.20	1.39	-	658.59	60.46	43.90	-	-	554.23	596.74
Airport Concessionaire Rights	-	195.51	-	195.51	-	2.99	-	-	192.52	-
<b>Total</b>	<b>2,455.89</b>	<b>1,724.43</b>	<b>-</b>	<b>4,140.61</b>	<b>1,105.12</b>	<b>136.89</b>	<b>-</b>	<b>1.36</b>	<b>1,240.65</b>	<b>1,350.77</b>
Capital work in progress (including capital advances)										
<b>Previous year</b>	<b>2,427.48</b>	<b>29.51</b>	<b>0.68</b>	<b>2,455.89</b>	<b>885.67</b>	<b>220.76</b>	<b>-</b>	<b>1.31</b>	<b>1,105.12</b>	<b>1,386.83</b>

Notes:

1. Plant and Machinery is net of foreign exchange fluctuations capitalised Rs. 24.37 (including Rs. 1.20 reversal during the current year) upto March 31, 2007 (2006 - Rs. 18.76)
2. Capital work in progress is net of foreign exchange fluctuation amounting to Rs. Nil (2006 : Rs. 3.28)
3. Buildings with a gross book value of Rs. 109.51 (2006 - Rs. 107.36) are on leasehold land.
4. Depreciation for the year includes Rs. 2.33 (2006 : Rs. 0.79) relating to certain consolidated entities in the project stage which is included in Schedule 6.
5. Carriage Ways are mainly intangible assets, being the right to operate and maintain the highways on Build, Operate and Transfer basis.
6. Additions/Deletions and depreciation for the year include the effect of regrouping/reclassification of assets.
7. The capitalised software have useful lives ranging from 6-7 years. Amortisation of these assets is based on straight line method.

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 6	Upto and as at March 31, 2007	Upto and as at March 31, 2006
<b>Expenditure during construction period, pending allocation (net)</b>		
Fuel Cost (including transmission charges)	71.18	36.10
Operation and Maintenance	11.14	5.92
Salaries, allowances and benefits to employees	73.70	30.51
Contribution to provident fund and others	2.84	0.60
Staff welfare expenses	7.11	3.50
Pre-closing date development expenses	-	2.03
Rent	14.74	9.61
Repairs and Maintenance - Others	3.99	3.62
Rates and taxes	7.63	2.90
Insurance	12.69	8.23
Consultancy and professional charges	128.38	18.85
Director's Sitting Fees	0.17	0.07
Remuneration to auditors	0.55	0.31
Travelling and conveyance	41.61	17.03
Income Tax	1.70	1.00
Fringe Benefit Tax	2.65	0.94
Depreciation	3.67	1.35
Interest on fixed loans	119.62	60.27
Bank/ other finance charges	94.49	22.05
Loss on account of foreign exchange fluctuations (net)	6.92	0.30
Loss on sale of fixed assets (net)	0.20	4.32
Miscellaneous expenses	59.53	23.94
Negative Grant [Refer Note vii (B) on Schedule 19]	109.63	-
	<b>(i) 774.14</b>	<b>253.45</b>
Less: Other Income		
Sale of Power	10.28	0.49
Interest income (gross)	4.83	3.75
[Tax deducted at source - Rs. 0.32 (2006: Rs. 0.15)]		
Income from investments - Other than trade (gross)	12.00	3.98
[Tax deducted at source - Rs. Nil (2006: Nil)]		
Profit on sale of investments	0.19	0.13
Miscellaneous income	1.16	0.09
Rent Received - Land Sub Lease	0.38	-
[Tax deducted at source - Rs. 0.08 (2006: Nil)]		
	<b>(ii) 28.84</b>	<b>8.44</b>
Total Expenditure during construction period, pending allocation (net) - [(i) - (ii)]	<b>745.30</b>	<b>245.01</b>
Less: Apportioned over cost of Fixed Assets	257.79	-
Less: Charged to Profit and Loss Account	4.71	-
<b>Total</b>	<b>482.80</b>	<b>245.01</b>

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 7	March 31, 2007	March 31, 2006
<b>INVESTMENTS</b>		
<b>Long term</b>		
<b>In Shares of Subsidiary Company</b>		
Hyderabad Menzies Air Cargo Private Limited (51,000 (2006: Nil) Shares of Rs.10 each)	0.05	-
<b>In shares of associate company</b> (At cost plus share of profits based on equity accounting)		
GMR Highways Private Limited (25,000 (2006: 25,000) shares of Rs.10 each)	0.03	-
Gateways for India Airports Private Limited (Nil (2006: 3,784) Equity Shares of Rs.10/- each, fully paid up)	-	-
<b>Others</b>		
<b>In equity shares of Rs.10/- each, fully paid up</b>		
Vemagiri Power Services Limited (5,000 (2006: Nil) equity shares)	0.01	-
Ideaspace Solutions Limited (725 (2006: 725) equity shares)	-	-
Business India Publications Limited (5,000 (2006: 5,000) equity shares)	0.06	-
Ujjivan Financial Services Private Limited (5,000 (2006: Nil) equity shares )	0.04	-
<b>In bonds</b>		
Industrial Development Bank of India - Growing Interest Bond (Nil (2006: 500) Bonds of Rs.5,000 each)	-	0.25
	(i) <b>0.19</b>	<b>0.25</b>
<b>Current</b>		
<b>Other than trade - unquoted*</b> (Purchased during the year)		
<b>Mutual Funds</b>		
Principal Mutual Fund (3,511,453.87 (2006: Nil) units of Rs 10 per unit)	3.51	-
Reliance Liquidity Fund (31,753,571.61 (2006: Nil) units of Rs 10 per unit)	31.77	-
Reliance fixed Horizon Fund - Annual Plan # (15,000,000 (2006: Nil) units of Rs 10 per unit)	15.00	-
UTI Liquid Cash Fund # (1,28,073.14 (2006: Nil) units of Rs 1,000 per unit)	13.06	-
ING Vysya Liquid Fund (1,049,314.36 (2006: Nil) units of Rs 10 per unit)	1.05	-
DBS Chola Mutual Fund (5,090,850 (2006: Nil) units of Rs 10 per unit)	5.00	-
UTI - Liquid Cash Plan Institutional - Daily Income Option (14,316.492 (2006: Nil) units of Rs 1,019.45 each)	1.46	-

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 7 (contd.)	March 31, 2007	March 31, 2006
Reliance Liquid Fund - Daily Dividend Option (8,559,934.372 (2006: Nil) units of Rs 10 each)	8.56	-
Lotus India FMP (5,000,000 (2006: Nil) units of Rs 10 per unit)	5.00	-
LIC Mutual Fund - Daily Dividend Reinvestment Plan (450,995.03 (2006: Nil) units of Rs 10.9801 per unit)	-	-
Principal Cash Management Liquid Fund - Institutional Premium Daily Dividend (19,104,702.042 (2006: Nil) units of Rs 10.0007 per unit)	0.50	-
Prudential ICICI Liquid Fund - Super Institutional Daily Dividend (12,757,812.133 (2006: Nil) units of Rs 10 per unit)	19.11	-
ING Vysya Liquid Fund Institutional Daily Dividend # (12,737,289.160 (2006: Nil) units of Rs 10.0121 per unit)	12.76	-
DBS Chola Short Term Floating Rate Fund - Daily Dividend (6,599,526.358 (2006: Nil) units of Rs 10.0274 per unit)	12.75	-
Standard Chartered Liquidity Manager Plus Daily Dividend (5,298.582 (2006: Nil) units of Rs 1000.10 per unit)	6.62	-
ICICI Prudential - Daily Dividend Scheme (9,753,918 (2006: Nil) units of Rs 10 per unit)	0.53	-
ING Vysya Mutual Fund (AAA rating) - Daily Dividend Scheme (6,137,941.112 (2006: Nil) units of Rs 10.1169 per unit)	9.75	-
ING Vysya Mutual Fund - Daily Dividend Scheme (356,146.758 (2006: Nil) units of Rs 10.0048 each)	6.21	-
Chola Mutual Fund-Liquid Institutional Plus Daily Dividend (Nil (2006: 126,615,675.93) units of Rs.10 per unit)	0.36	-
Canbank Mutual Fund-Liquid Fund-Institutional Dividend (Nil (2006: 1,702,419.31) units of Rs.10 per unit)	-	127.01
HDFC Mutual Fund Cash - Management Fund (Nil (2006: 680,980.78) units of Rs.10 per unit)	-	1.71
LIC Liquid Fund Daily Dividend (2,770,667.86 (2006: 2,140,839.45) units of Rs 10.9801 per unit)	-	0.71
Kotak Mutual Fund - Institutional Premium Plan - Daily Dividend (Nil (2006: 7,899,088.39) units of Rs.10 per unit)	3.04	2.34
ING Vysya Liquid Fund Super Institutional - Daily Dividend Option (10,729,495 (2006: 3,999,627.99) units of Rs.10 per unit)	-	9.66
ICICI Prudential Fund Daily Dividend Option (1,680,722.83 (2006: Nil) units of Rs 10 per unit)	10.74	4.00
Can Liquid Fund - Institutional Daily Dividend Reinvest (Nil (2006: 3,162,010.85) units of Rs.10 per unit)	1.68	-
Chola Mutual Fund - Liquid Institutional Dividend Reinvestment Plan (1,609,316.88 (2006: 39,466,853.06) units of Rs. 10 per unit)	-	3.18
Kotak Liquid Institutional Premium Plan Daily Dividend (Nil (2006: 28,652,496.38) units of Rs.10 each)	1.61	39.55
<b>Bonds :</b>		
8.20% 2007 Housing Urban Development Corporation Bonds (100 (2006: Nil) Bonds of Rs 1,000,000 each)	10.00	-
8.95% Central bank of India Bonds (100 (2006: Nil) Bonds of Rs. 1,000,000 each)	10.15	-
7.45% State Bank of India Bonds # (100 (2006: Nil) Bonds of Rs. 1,000,000 each)	9.84	-
7.1% Power Grid Corporation of India Limited Bonds # (50 (2006: Nil) Bonds of Rs 1,000,000 each)	4.51	-
(ii)	<b>204.57</b>	<b>223.20</b>

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 7 (contd.)	March 31, 2007	March 31, 2006
<b>Other than Trade - Quoted</b>		
<b>Government Securities**</b>		
6.35% Government of India 2020 (1,500,000 ( 2006: 1,500,000 ) units of Rs. 100 per unit)	12.90	13.30
6.05% Government of India 2019 (500,000 (2006: 500,000) units of Rs. 100 per unit)	4.21	4.33
5.59% Government of India 2016 1 (2006: Nil) unit of Rs. 10.0 crores per unit)	8.83	-
7.38% Government of India 2015 (1 (2006: Nil) unit of Rs. 10.00 crores per unit)	10.45	-
7.46% Government of India 2017 (1 (2006: Nil) unit of Rs. 1.00 crores per unit)	4.88	4.01
<b>(iii)</b>	<b>41.27</b>	<b>21.64</b>
<b>Equity Shares***</b>		
(Purchased during the year)		
Akruthi Nirman Limited (2,918 (2006: Nil) shares of Rs. 10 each fully paid up)	0.12	-
Alstom Projects India Limited (13,092 (2006: 1,000) shares of Rs. 10 each, fully paid up)	-	1.44
Andhra Bank (129,765 (2006: 337,728) shares of Rs. 10 each, fully paid up)	0.99	2.73
Aban Offshore Limited (1,500 (2006: Nil) shares of Rs 2 each fully paid up)	0.23	-
Bank of Baroda (Nil (2006: 58,108) shares of Rs. 10 each, fully paid up)	-	1.11
Bajaj Hindustan Limited (Nil (2006: 5,000) shares of Re.1 each, fully paid up)	-	0.10
Century Textiles and Industries Limited (Nil (2006: 5,000) shares of Rs.10 each, fully paid up)	-	0.16
Coromandel Fertilisers Limited (Nil (2006: 10,000) shares of Rs.2 each, fully paid up)	-	0.08
Cipla Limited (Nil (2006: 1,000) shares of Rs.2 each, fully paid up)	-	0.06
Eimco Elecon (India) limited (84,972 (2006: Nil) shares of Rs 10 each fully paid up)	2.44	-
Elecon Engineering Limited (Nil (2006: 500) shares of Rs.10 each, fully paid up)	-	0.04
Federal Bank Limited (950 (2006: 5,000) shares of Rs.10 each, fully paid up)	0.04	0.09
GMR Industries Limited (1,071,920 (2006: Nil) shares of Rs 10 each, fully paid up)	0.98	-
Great Eastern Shipping Co Limited (5,000 (2006: 2,000) shares of Rs.10 each, fully paid up)	-	0.12
Hindalco Limited (Nil (2006: 3,303) shares of Re.1 each, fully paid up)	-	0.06
ING Vysya Bank Limited (282,810 (2006: Nil) shares of Rs. 10 each, fully paid up)	2.57	-
Indian Petrochemicals Corporation Limited (Nil (2006: 5,000) shares of Rs. 10 each, fully paid up)	-	0.12
Jain Irrigations Systems Limited (Nil (2006: 10,000) shares of Rs. 10 each, fully paid up)	-	0.18
Karur Vysya Bank Limited (794,735 (2006: Nil) shares of Rs. 10 each)	4.89	-
Kasturi Foods Limited (15,000 (2006: Nil) shares of Rs. 10 each)	0.02	-
Kesoram Industries Limited (Nil (2006: 10,000) shares of Rs.10 each, fully paid up)	-	0.20

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 7 (contd.)	March 31, 2007	March 31, 2006
Morgan Stanley (Nil (2006: 25,000) shares of Rs.10 each, fully paid up)	-	0.10
Neyveli lignite Corporation Limited (Nil (2006: 50,000) shares of Rs.10 each, fully paid up)	-	0.34
NIIT Technologies Limited (Nil (2006: 5,000) shares of Rs. 10 each, fully paid up)	-	0.09
Power Finance Corporation Limited (14,248 (2006: Nil) shares of Rs. 10 each fully paid up)	0.12	-
Patel Engineering limited (1,500 (2006: Nil) shares of Re. 1 each fully paid up)	0.05	-
Punjab National Bank Limited (Nil (2006: 1,000) shares of Rs.10 each, fully paid up)	-	0.05
Ranbaxy Laboratories Limited (Nil (2006: 2,500) shares of Rs.5 each, fully paid up)	-	0.10
Ramco Industries Limited (33,376 (2006: Nil) shares of Rs 10 each fully paid up)	2.60	-
Ramco Systems Limited (52,812 (2006: 15,000 ) shares of Rs.10 each, fully paid up)	0.68	0.29
Reliance Industries Limited (25,000 ( 2006: 5,000) shares of Rs.10 each, fully paid up)	-	0.92
Reliance Natural Resource Limited (Nil (2006: 20,000) shares of Rs. 5 each, fully paid)	-	0.12
Reliance Communications Limited (1,445 (2006: Nil) shares of Rs 5 each fully paid up)	0.06	-
Reliance Communication Ventures Limited (Nil (2006: 22,500) shares of Rs. 5 each, fully paid)	-	0.76
State Bank Of India Limited (Nil (2006: 2,000) shares of Rs.10 each, fully paid up)	-	0.19
Tanla Solutions Private Limited (13,816 (2006: Nil) shares of Rs 2 each fully paid up)	0.37	-
Tata Steel Limited (4,500 (2006: Nil) shares of Rs 10 each fully paid up)	0.20	-
The Karnataka Bank Limited (23,000 (2006: Nil) shares of Rs 10 each fully paid up)	0.37	-
Tech Mahindra Limited (1,000 (2006: Nil) shares of Rs.10 each, fully paid up)	0.14	-
TRF Limited (Nil (2006: 30,637) shares of Rs.10 each, fully paid up)	-	0.94
Uniphos Enterprises Limited (Nil (2006: 23,174) shares of Rs.10 each, fully paid up)	-	0.07
Webtel-SI-Energy Systems Limited (1,111 (2006: 7,609) shares of Rs.10 each, fully paid up)	0.04	0.14
Less: Provision for diminution in the value of Investments	(0.47)	-
(iv)	<b>16.44</b>	<b>10.60</b>
<b>Total (i)+(ii)+(iii)+(iv)</b>	<b>262.47</b>	<b>255.69</b>
Notes:		
* Aggregate Net Asset Value of Mutual Funds and Bonds - Rs. 204.97 (2006: Rs. 223.22)		
** Aggregate Market value of Government securities - Rs. 41.27 (2006: Rs. 21.63)		
*** Aggregate Market Value of short term quoted equity shares - Rs. 49.58 (2006: Rs. 12.09)		
# These includes investments aggregating to Rs. 40.59, representing balance of unutilised monies out of IPO		

## Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 8	March 31, 2007	March 31, 2006
<b>INVENTORIES</b>		
Stores and spares	15.52	17.77
Raw Materials	14.89	18.09
<b>Total</b>	<b>30.41</b>	<b>35.86</b>

(Rs. in Crore)

Schedule 9	March 31, 2007	March 31, 2006
<b>SUNDRY DEBTORS</b>		
(Trade, unless otherwise stated)		
Debts outstanding for a period exceeding six months:		
Secured - considered good	21.39	29.49
Secured - considered doubtful	22.26	17.67
Less Provision for doubtful debts	22.26	17.67
	21.39	29.49
Unsecured - considered good	6.42	-
	<b>27.81</b>	<b>29.49</b>
Other debts:		
Secured - considered good	195.58	151.35
Secured - considered doubtful	1.98	1.61
Less Provision for doubtful debts	1.98	1.61
	<b>195.58</b>	<b>151.35</b>
Unsecured - considered good*	137.53	50.55
Unsecured - other than trade - considered good	25.10	5.46
<b>Total</b>	<b>386.02</b>	<b>236.85</b>
* includes unbilled revenue amounting to Rs. 113.39 (2006: Rs. 54.58)		

(Rs. in Crore)

Schedule 10	March 31, 2007	March 31, 2006
<b>CASH AND BANK BALANCES</b>		
Cash and Cheques on hand	0.32	0.12
Balances with scheduled banks		
- On Current Account - Balance of unutilised monies raised by way of IPO	0.30	-
- On Current accounts - others	45.98	31.78
- On Deposit Accounts - Balance of unutilised monies raised by way of IPO	250.00	-
- On Deposit accounts - others	986.89	638.58
- On Margin Money*	16.55	5.27
<b>Total</b>	<b>1,300.04</b>	<b>675.75</b>
* includes Rs. 6.54 out of balance of unutilised monies raised by way of IPO The margin money deposits are towards letters of credit and Bank Guarantees issued by the bankers on behalf of the Company.		

(Rs. in Crore)

Schedule 11	March 31, 2007	March 31, 2006
<b>OTHER CURRENT ASSETS</b>		
(Unsecured and Considered Good)		
Interest accrued but not due on deposits	9.12	3.11
Claims receivable	4.56	9.34
Grant receivable from authorities	0.04	71.69
<b>Total</b>	<b>13.72</b>	<b>84.14</b>

Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

(Rs. in Crore)

Schedule 12	March 31, 2007	March 31, 2006
<b>LOANS AND ADVANCES</b>		
fi h R h X W a W b k X W VZ b b W X f h b a g e X X f U j V W		
? b T g B ` c _ X X	% \$	z
? b T g B g X f	' ! & %	z
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@ 4 G V X W X g X g X g	! )	z
	<b>187.02</b>	<b>108.02</b>
? X f C b \ V a b Y b V e b h g h Y _ T W k T a V	z	% +
<b>Total</b>	<b>187.02</b>	<b>105.15</b>

(Rs. in Crore)

Schedule 13	March 31, 2007	March 31, 2006
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a) Liabilities</b>		
F h a W e X W g b		
7 H f g b T _ f V X \ W h e T \ _ h a T U W Z a f	# ! # *	z
7 H f g b g e X f f T _ f V X \ W h e T \ _ h a T U W Z a f	' # + ! & &	% ' ! * &
	<b>408.40</b>	<b>247.30</b>
5 b ^ X W e g Y	! \$ &	% #
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B g X _ T U g X f	\$ \$ * ! ( \$	\$ \$ !
	<b>662.66</b>	<b>337.63</b>
<b>b) Provisions</b>		
7 \ W X a W W e j \ l g b \ a g R	# (#	! %
C b \ f a \ V b X e ` c _ X X U X X g f	) ! ( *	\$ ! )
C b \ f a \ V b X e X e g a b f T @ W a a g T X X U X g Y W a X f i	* ! + ' ) ' !	
	<b>84.46</b>	<b>73.19</b>
<b>Total</b>	<b>747.12</b>	<b>410.82</b>







## Notes forming part of the Consolidated Accounts

### Schedule 19

#### STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED ACCOUNTS

##### 1. DESCRIPTION OF BUSINESS

GMR Infrastructure Limited ('GIL' or 'the Company') and its consolidated subsidiaries and associate (hereinafter collectively referred to as Group) are mainly engaged in generation of power, development of expressways and airport infrastructure facilities. GIL is a holding company with its investments mainly within the group companies. It is also involved in the development of the infrastructure and other projects as mentioned above.

##### Power business

Certain entities of the Group are involved in the generation of power. These are separate special purpose vehicles formed which have entered into Power Purchase Agreements with the electricity distribution companies of the respective state governments either on Memorandum of Understanding basis or on bid basis.

##### Airport Infrastructure business

Certain entities of the Group are engaged in development of airport infrastructure i.e. the Greenfield International Airport at Hyderabad on build, own, operate and transfer basis along with a consortium of sponsors like Airport Authority of India, State Government of Andhra Pradesh and Malaysian Airport Holdings Berhad under concessionaire agreement and the operations and modernization of Delhi Airport as a joint venture between the Group and Airports Authority of India.

##### Development of expressways

Certain entities of the Group are engaged in development of expressways on build, operate and transfer basis. There are special purpose vehicles which have entered into concessionaire agreements with National Highways Authority of India for carrying out these projects.

##### 2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include accounts of GMR Infrastructure Limited ('the Company') and its subsidiaries and associate. Subsidiary undertakings are those companies in which GIL, directly or indirectly, has an interest of more than one half of voting power or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the Group till the date such control exists. The consolidated financial statements have been prepared in accordance with historical cost convention, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

All inter company transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated.

Investments in the Associates have been accounted in these consolidated statements as per Accounting Standard 23 on Accounting for Investments in Associates in Consolidated Financial Statements. Investments in associate companies which have been made for temporary purposes have not been considered for consolidation.

The companies considered in the consolidated financial statements in each of the years are listed below:

(Rs. in Crore)

Sl. No.	Name of the Company	Relationship	Percentage of ownership interest	
			March 31, 2007	March 31, 2006
1	GMR Energy Limited (GEL)	Subsidiary	99.99%	84.90%
2	GMR Power Corporation Private Limited (GPCPL)	Subsidiary	51.00%	51.00%
3	Vemagiri Power Generation Limited (VPGL)	Subsidiary	100.00%	84.90%
4	GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)	Subsidiary	100.00%	-
5	GMR Hyderabad International Airport Limited (GHIAL)	Subsidiary	63.00%	63.00%
6	Delhi International Airport Private Limited (DIAL)	Subsidiary	50.10%	-
7	Gateways for India Airports Private Limited (GFIAPL)	Subsidiary / (Associate in the previous year)	86.49%	37.84%

## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

(Rs. in Crore)

Sl. No.	Name of the Company	Relationship	Percentage of ownership interest	
			March 31, 2007	March 31, 2006
8	Hyderabad Menzies Air Cargo Private Limited (HMACL)	Subsidiary	32.13%	-
9	GMR Tuni Anapakalli Expressways Private Limited (GTAEPL)	Subsidiary	49.01%	43.12%
10	GMR Tambaram Tindivanam Expressways Private Limited (GTTEPL)	Subsidiary	49.01%	43.12%
11	GMR Ambala Chandigarh Expressways Private Limited (GACEPL)	Subsidiary	100.00%	51.00%
12	GMR Jadcherla Expressways Private Limited (GJEPL)	Subsidiary	100.00%	59.49%
13	GMR Pochanpalli Expressways Private Limited (GPEPL)	Subsidiary	100.00%	59.49%
14	GMR Ulundurpet Expressways Private limited (GUEPL)	Subsidiary	100.00%	-
15	GMR Highways Private Limited (GMR Highways)	Associate	50.00%	-
16	GVL Investments Private Limited (GVL)	Subsidiary	100.00%	-
17	GMR Mining and Energy Limited (GMEPL)	Subsidiary	89.00%	89.00%

### 3 SIGNIFICANT ACCOUNTING POLICIES - GROUP CORPORATE POLICIES

#### (i) REVENUE RECOGNITION

In case of power generating companies, revenue from sale of energy is recognised on accrual basis in accordance with the provisions of the Power Purchase Agreement (PPA). Claims for delayed payment charges and any other claims, which the company is entitled to under the Power Purchase Agreement, on grounds of prudence, are accounted for in the year of acceptance. Insurance claims are accounted on finalization and acceptance. The PPA provides for payment of fixed tariff based on cumulative availability of plant and also the fuel cost at a predetermined station heat rate.

In case of companies involved in construction and maintenance of roads, annuity is accrued on time basis in accordance with the provisions of the Concessionaire Agreement entered into with National Highways Authority of India ('NHAI'). Claims raised on NHAI under Concessionaire Agreement, on grounds of prudence, shall be accounted for in the year of acceptance.

In case of airport infrastructure companies, revenue is recognised on accrual basis and is net of service tax, applicable discounts and collection charges.

Significant items of income and expenditure on accrual basis except in case of those with significant uncertainties. Income from management/technical services is recognised as per the terms of the agreement and on the basis of services rendered.

Expenses incurred on developmental projects are charged to revenue. These are dealt with at appropriate time for recovery/capitalization.

#### (ii) ANNUAL FEE

In case of airport infrastructure companies, the annual fee computed as a percentage of revenues, pursuant to the terms and conditions of the Operations, Maintenance and Development Agreement (OMDA) is recognised as a charge in the Profit and Loss Account.

#### (iii) OPERATIONS AND MAINTENANCE

GEL has entered into a Long Term Service Agreement (LTSA) for maintenance of the main plant, Operations and Maintenance Agreement for regular and major maintenance and Long Term Assured Parts Supply Agreement (LTAPSA) for supply of parts for planned and unplanned maintenance over the term of the agreement. Amounts payable under the agreements are charged to the Profit and Loss Account based on actual factored fired hours of the Gas Turbines during the period on the basis of average factored hour cost including Customs Duty applicable at the current prevailing rate. Periodical minimum payments are accounted as and when due.

## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

Operations and Maintenance Agreements have been entered by certain subsidiary companies for operations, regular and major maintenance of the Carriageways. Amounts payable under such agreements are charged to the Profit and Loss Account on accrual basis.

#### (iv) 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.

Assets under construction and the related advances as at the Balance Sheet date are shown as Capital Work in Progress.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that takes substantial period of time to get ready for its intended use or sale. Other borrowing costs not attributable to the acquisition of any capital asset or investments are recognised as expenses in the period in which they are incurred.

All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment (being the excess of carrying value over the recoverable value of the asset) is charged to the profit and loss account in the respective financial year. 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.

#### Intangible Assets

Intangible Assets in nature of, upfront fee and other costs paid to Airports Authority of India (AAI), pursuant to the terms and conditions of the OMDA and Carriage Ways (costs incurred to construct, widen and rehabilitate expressways) are recognised as intangible assets. The carrying amounts of assets are reviewed at each Balance Sheet date to assess whether they are carried in excess of their recoverable amount.

#### (v) DEPRECIATION

##### Tangible Assets

The Group provides depreciation on fixed assets, other than those specifically stated below, on straight line method at the rates specified under Schedule XIV to the Companies Act, 1956 except for assets costing less than Rs. 5,000, which are fully depreciated in the year of acquisition. Leasehold improvements are amortised over the period of the lease or estimated useful life whichever is shorter. Depreciation on adjustments to the historical cost of the assets on account of foreign exchange fluctuations is provided prospectively over the residual useful life of the asset.

##### Intangible Assets

Intangible assets are amortised over the period of the respective Concessionaire Agreements.

#### (vi) INVESTMENTS

Long term investments are carried at cost less provision made to recognise any decline, other than temporary, in the value of such 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 recognised in the year in which it is accrued and stated at gross.

Gains/losses, on investment in futures, both equity and index, being the difference between the contracted rate and the rate on the settlement or sale date, whichever is earlier, are recognised in the Profit and Loss Account on settlement/sale. The open contracts as at the year end are marked-to-market and the resultant loss, if any, is charged to the Profit and Loss Account.

#### (vii) INVENTORIES

Inventories are valued at lower of cost or net realisable value. Cost is determined on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition.

#### (viii) RETIREMENT BENEFITS

Retirement Benefits are accounted for on accrual basis in respect of contribution schemes such as Provident Fund and Superannuation Fund with contributions charged against revenue each year. Liability for gratuity is

## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

funded through a scheme administered by an insurer and provision is made based on actuarial valuation carried out as at Balance Sheet date. Provision for leave encashment is made on actual liability basis for the leave outstanding as at the year end.

#### (ix) FOREIGN CURRENCY TRANSACTIONS

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and the resultant gain /loss is recognized in the financial statements. The original cost of fixed assets acquired prior to April 1, 2004 and imported fixed assets acquired on or after April 1, 2004, through foreign currency loans 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 the Balance Sheet. The amounts so adjusted are depreciated over the remaining useful lives of the respective assets.

#### (x) EARNINGS PER SHARE

The earnings considered in ascertaining the Company's Earning Per Share (EPS) comprise of the net profit after tax less dividend (including dividend distribution tax) on preference shares. The number of shares used for computing the basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of shares and potentially dilutive shares are adjusted for bonus shares issued.

#### (xi) 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 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 arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## 4. NOTES TO THE CONSOLIDATED ACCOUNTS

### (i) Contingent Liabilities as at March 31

(Rs. in Crore)

Sl. No.	Particulars	2007	2006
1	Bank guarantees outstanding	88.48	607.07
2	Corporate guarantees	62.50	275.96
3	Performance Guarantees	805.44	-
4	Stamp Duty Payable for registration	0.30	0.30
5	Matters relating to Income tax under dispute	0.92	-
6	Matters relating to Water cess under dispute	1.30	-
7	Matters relating to Custom Duty under dispute	14.74	-
8	Arrears of dividend on cumulative preference shares of GTAEPPL and GTTEPL	-	24.04

## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

#### (ii) Capital Commitments as at March 31

(Rs. in Crore)

Particulars	2007	2006
Estimated value of contracts remaining to be executed on capital account, not provided for (net of advances)	8,095.03	898.21
Investment in equity shares of subsidiary companies	512.23	207.72

#### (iii) Equity Shares

- A. Pursuant to the decision of the shareholders of the Company at their Extra Ordinary General Meetings, 28,510,206 equity shares of face value of Rs. 10 each have been allotted as a Pre-IPO preferential allotment, to various parties at an aggregate share premium of Rs. 515.74 Crore.
- B. Pursuant to the decision of the shareholders of the Company at the Extra Ordinary General Meeting held on February 28, 2006, 38,136,980 equity shares of face value of Rs. 10 each have been allotted by way of initial public offer (IPO) on August 17, 2006 and August 24, 2006. The details of funds received and their utilisation up to March 31, 2007 are given below:

(Rs. in Crore)

Particulars	Amount
<b>Funds received</b>	
Equity Share Capital	38.14
Share Premium (Refer Note (i) below)	756.78
Interest on delayed payment of call money	0.05
Less: Calls unpaid	0.08
<b>Total</b>	<b>794.89</b>
<b>Utilisation up to March 31, 2007</b>	
Investment in Subsidiary Companies (including Share Application Money, pending allotment) – Refer Note (ii) below	220.65
Repayment of Unsecured Loans	55.00
Payment to GMR Holdings Private Limited and GMR Operations Private Limited for acquisition of equity shares of GVL Investments Private Limited	155.86
Expenses incurred towards the IPO	62.96
Deposit with Bombay Stock Exchange (BSE)	3.00
Margin Money towards Bank Guarantee issued to BSE	6.54
<b>Total Utilisation</b>	<b>504.01</b>
<b>Balance of unutilised monies out of IPO, details of which are given below:</b>	<b>290.88</b>
Investments in Short Term Securities (included in Schedule 7)	40.58
Investments in Fixed Deposits (included in Schedule 10)	250.00
Amount lying in current accounts	0.30
<b>Total</b>	<b>290.88</b>

Notes:

- (i) In case of 5,669,425 equity shares allotted to the retail investors' category, a discount of five percent on the issue price was given in accordance with the terms of the Company's prospectus dated August 7, 2006.
- (ii) Represent investment made directly by the company, through its subsidiary companies and by way of repayment of loans taken for the purpose of investment in subsidiary companies.

## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

- C. GTAEPL and GTTEPL have filed applications before the Hon'ble High Court of Andhra Pradesh on September 13, 2006 for reduction of their Preference Share Capital of Rs. 77.78 Crore and Rs. 106.04 Crore respectively, at par and without payment of the cumulative dividend.

#### (iv) Reserves and Surplus

GHIAL has received a grant of Rs. 107.00 Crore from Government of Andhra Pradesh towards Advance Development Fund Grant, as per the State Support Agreement. This being in the nature of financial support for the project, the grant has been considered as Capital Reserve.

#### (v) Secured Loans

In case of GTTEPL and GTAEPL, the Secured Loans as at March 31, 2007 are in the nature of advances received towards the assignment of future Annuity/Receivables under the Concession Agreement with National Highway Authority of India and are further secured by way of mortgage of all the present and future immovable fixed assets of the company and by way of hypothecation over the movable fixed assets.

#### (vi) Fixed Assets

- A. For the purpose of consolidation, depreciation in respect of power sector subsidiaries has been uniformly considered based on the rates as prescribed under Schedule XIV to the Companies Act, 1956 amounting to Rs. 86.49 Crore. Depreciation on assets of such subsidiaries is charged in the financial statements of the individual entities on different basis, aggregating to Rs. 213.65 Crore, following accounting policies/rates which are considered appropriate in each case.
- B. In pursuance of the State Support Agreement, HIAL has entered into a Land Lease Agreement with Government of Andhra Pradesh, for obtaining the Land on Lease for the development of Airport Project. As per the agreement, the lease term is in line with the term of the Concession Agreement entered into with the Ministry of Civil Aviation. The lease rentals are payable from the eight anniversary of the COD. HIAL has taken the possession of the said land during the year 2004-05. Capital Work-in-progress as on March 31, 2007 of Rs. 953.00 Crore includes Boundary Wall, Site Preparation Works, progress on passenger terminal building and airside landside works, roads and fuel farm on such Leasehold Land.

#### (vii) Expenditure during construction period, pending allocation (net)

- A. In respect of Companies in construction stage, no Profit and Loss Account has been drawn up. All expenditure incurred (net of income earned) during the construction stage are grouped and disclosed under 'Expenditure during construction period, pending allocation (net)' in Schedule 6.
- B. In accordance with the terms of the Concessionaire Agreements entered into with National Highways Authority of India (NHAI) by GACEPL, GJEPL and GUEPL, dated November 16, 2005, February 20, 2006 and April 19, 2006 respectively, the Companies have paid an aggregate of Rs. 109.63 Crore towards 'negative grant' to NHAI which has been included in 'Expenditure during construction period, pending allocation (net)' in Schedule 6.

#### (viii) Sundry Debtors

In case of GPCPL, the amounts due from Tamil Nadu Electricity Board are subject to reconciliation and confirmation.

#### (ix) Operating Income

In case of DIAL, security component of passenger service fees being in the nature of 'pass through', the same has not been considered as a part of the Company revenues. The balance at the period end has been disclosed under the respective heads in the Balance Sheet.

#### (x) Others

- A. DIAL had entered into Operation, Management and Development Agreement (OMDA) with AAI on April 4, 2006, which gives DIAL an exclusive right to operate, maintain, develop, modernize and manage the Delhi Airport for an initial term of 30 years, which can be extended by another 30 years, subject to satisfaction of certain conditions, on a revenue share model, pursuant to terms and conditions of the OMDA. DIAL has taken over the operations of the Delhi Airport with effect from May 3, 2006.



## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

- B. In case of VPGL, claims/counterclaims arising out of the project related contracts including Power Purchase Agreement and Engineering, Procurement and Construction (EPC) contracts, on account of delays in commissioning of the project or any other reasons, are pending settlements/negotiations with the concerned parties. Accordingly, the outstanding balances of these parties as at March 31, 2007 are subject to confirmation. Any adjustment on account of reconciliation with these parties would be adjusted to the cost of fixed assets.
- C. HMACL has been incorporated on February 22, 2006. The Company has decided to prepare financial statements for fifteen months period considering that this is the first year of incorporation. Since the financial statements as at March 31, 2007 have not been prepared, consolidation of the subsidiary has not been carried out.
- D. Interest on Term Loans included in Schedule 19 is net of interest income amounting to Rs. 42.04 Crore (2006: Rs. 25.51 Crore).
- E. Previous year figures have been re-grouped and re-classified wherever necessary, to confirm to those of current year.

### (xi) Operating Leases

The Group has entered into certain cancelable operating lease agreements mainly for office premises and a non-cancelable operating lease agreement for a gas turbine for a period of 75 months. The lease rentals charged during the year (included in Schedule 6, 16 and 17) and the maximum obligation on the long term non-cancelable operating lease payable as per the agreement are as follows:

(Rs. in Crore)

Particulars	Year Ended March 31,	
	2007	2006
Lease Rentals under cancelable leases	21.91	5.23
Lease Rentals under non-cancelable leases	2.24	7.19
<b>Obligations on non-cancelable leases:</b>		
Not later than one year	3.49	2.24
Later than one year and not later than five years	-	3.49

### (xii) Earnings Per Share (EPS)

(Rs. in Crore)

Particulars	Year Ended March 31,	
	2007	2006
Nominal Value of Equity Shares (Rs. per Share)	10	10
Total number of Equity Shares outstanding at the beginning of the year	264,436,814	158,662,091
Add: Issue of Equity Shares on preferential basis on various dates [Refer Note (iii)(A)above]	28,510,206	-
Add: Issue of Equity Shares through initial public offer (Refer Note (iii)(B) above)	38,136,980	-
Add: Bonus Shares issued out of Free Reserves on September 30, 2005 (Refer Note below)	-	105,774,723
Total number of Equity Shares outstanding at the end of the year	331,084,000	264,436,814
<b>Weighted average number of Equity Shares outstanding at the end of the year</b>	<b>314,000,449</b>	<b>264,436,814</b>
<b>Net Profit after tax (Rs. in Crore)</b>	<b>174.43</b>	<b>70.56</b>
<b>EPS – Basic and Diluted (Rs.)</b>	<b>5.56</b>	<b>2.67</b>

#### Notes:

- A. During the year ended March 31, 2006, the company had issued 105,774,723 bonus shares to the shareholders in the ratio of two shares for every three shares held by them. Since it is an issue of Equity Shares without consideration, the issue has been treated as if it had occurred prior to the beginning of the year 2006, the earliest period reported.
- B. As at March 31, 2007, Rs. 0.01 Crore was receivable towards Equity Shares and for the computation of weighted average number of Equity Shares outstanding at the end of the year, these have been considered as partly paid-up shares.
- C. Since the company did not have any dilutive securities, the basic and diluted earnings per share are the same.

## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

#### (xiii) Deferred Tax

Deferred tax liability comprises mainly of the following as at March 31,

(Rs. in Crore)

S. No	Particulars	2007		2006	
		Deferred tax Asset	Deferred tax liability	Deferred tax Asset	Deferred tax liability
1	Depreciation		16.29		0.22
2	Preliminary Expenses	0.41		0.02	
3	Other 43B disallowances	0.05		0.02	
4	Carry forward losses	1.38			
	<b>Total</b>	<b>1.84</b>	<b>16.29</b>	<b>0.04</b>	<b>0.22</b>
	<b>Deferred tax liability (net)</b>		<b>14.45</b>		<b>0.18</b>

- A. In case of GIL, in view of the management's assessment that the future income mainly in the form of dividends is tax free, deferred tax asset on carry/brought forward losses have not been recognised by the Company, on the grounds of prudence.
- B. In case of GEL and VPGL, deferred tax asset to the extent not reversing within the tax holiday period of the Company has not been recognised on the grounds of prudence in view of the management's assessment of future profitability of these companies.
- C. In case of GPCPL, GTAEPL and GTTEPL, as the timing differences are originating and reversing within the tax holiday period of the Company under the provisions of section 80-IA of the Income Tax Act, 1961, deferred tax has not been recognised by these Companies.

#### (xiv) Provisions

(Rs. in Crore)

Particulars	As at April 1, 2006	Provision made during the year	Amount used during the year	As at March 31, 2007
Provision for operations and maintenance	64.20 (48.37)	13.70 (17.89)	0.06 (2.06)	77.84 (64.20)

**Note:** Previous year figures are mentioned in brackets.

#### (xv) Segment Reporting

- The segment report of GIL and its consolidated subsidiaries and associates (the Group) has been prepared in accordance with Accounting Standard 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India.
- The corporate strategy of the Group aims at creating multiple drivers of growth anchored on its core competencies. The Group is currently focused on four business groups: Power, Roads, Airport Infrastructure and Others. The Group's organisational structure and governance processes are designed to support effective management of multiple businesses while retaining focus on each one of them.
- The Group's activities are restricted within India. The conditions prevailing within India being predominantly uniform, no separate geographical segment disclosure is considered necessary.
- For the purpose of reporting, business segments are primary segments and the geographic segment is a secondary segment.

## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

e. The various business segments comprise of the following companies:

S. No.	Segment	Name of the Company
1.	Power	GMR Energy Limited GMR Power Corporation Private Limited Vemagiri Power Generation Limited GMR Mining and Energy Limited GMR (Badrinath) Hydro Power Generation Private Limited
2.	Roads	GMR Tuni-Anakapalli Expressways Private Limited GMR Tambaram-Tindivanam Expressways Private Limited GMR Ambala Chandigarh Expressways Private Limited GMR Jadcherla Expressways Private Limited GMR Pochanpalli Expressways Private Limited GMR Ulundurpet Expressways Private Limited GMR Highways Private Limited
3.	Airports	GMR Hyderabad International Airport Limited Delhi International Airport private Limited Gateways for India Airports Private Limited Hyderabad Menzies Air Cargo Private Limited
4.	Others	GMR Infrastructure Limited GVL Investments Private Limited

## Notes forming part of the Consolidated Accounts Schedule 19 (Contd.)

xv (f). The details of Segment information are given below: (Rs. in Crore)

Business Segments	Power		Roads		Airports		Others		Inter Segment		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue												
Revenue from Customers*	1,194.90	903.27	143.18	150.43	316.02	-	42.64	7.95	-	-	1,696.74	1,061.65
Inter Segment Revenue	-	-	-	-	-	-	16.58	52.17	(16.58)	(52.17)	-	-
<b>Total Revenues</b>	<b>1,194.90</b>	<b>903.27</b>	<b>143.18</b>	<b>150.43</b>	<b>316.02</b>	<b>-</b>	<b>59.22</b>	<b>60.12</b>	<b>(16.58)</b>	<b>(52.17)</b>	<b>1,696.74</b>	<b>1,061.65</b>
Operating Expenses	773.30	477.93	20.10	22.86	94.50	-	-	-	(3.50)	5.00	884.40	505.79
Depreciation/Amortisation	86.48	175.85	43.98	43.90	3.90	-	0.20	0.22	-	-	134.56	219.97
<b>Segment Operating Profit/(Loss)</b>	<b>335.12</b>	<b>249.49</b>	<b>79.10</b>	<b>83.67</b>	<b>217.62</b>	<b>-</b>	<b>59.02</b>	<b>59.90</b>	<b>(13.08)</b>	<b>(57.17)</b>	<b>677.78</b>	<b>335.89</b>
Interest Income/(expense), net	(76.24)	(44.73)	(37.64)	(67.34)	(9.02)	-	(21.48)	(18.20)	0.24	-	(144.14)	(130.27)
Other income/(expense), net	(72.22)	(77.03)	(11.21)	(9.34)	(155.83)	-	(7.57)	(6.20)	(3.50)	(6.92)	(250.33)	(99.49)
<b>Profit/(Loss) before tax</b>	<b>186.66</b>	<b>127.73</b>	<b>30.25</b>	<b>6.99</b>	<b>52.77</b>	<b>-</b>	<b>29.97</b>	<b>35.50</b>	<b>(16.34)</b>	<b>(64.09)</b>	<b>283.31</b>	<b>106.13</b>
<b>Taxation -</b>												
Current tax	17.72	10.56	3.38	0.67	-	-	3.02	-	-	-	24.12	11.23
Deferred Tax	-	-	-	-	14.44	-	(0.17)	(0.08)	-	-	14.27	(0.08)
Fringe benefit tax	1.33	1.22	0.15	0.10	1.52	-	0.15	0.04	-	-	3.15	1.36
<b>Net Profit/(Loss) for the year</b>	<b>167.61</b>	<b>115.95</b>	<b>26.72</b>	<b>6.22</b>	<b>36.81</b>	<b>-</b>	<b>26.97</b>	<b>35.54</b>	<b>(16.34)</b>	<b>(64.09)</b>	<b>241.77</b>	<b>93.62</b>
<b>Other Information</b>												
Segment Assets	2,720.86	2,522.44	1,641.79	1,098.46	1,967.91	751.15	1,510.20	651.08	(855.17)	(649.92)	6,985.60	4,373.21
Capital Expenditure	51.19	367.70	500.89	7.75	1,024.12	500.07	351.62	(0.11)	-	(10.00)	1,927.82	865.41
Depreciation / Amortisation	86.48	175.85	43.98	43.90	3.90	-	0.20	0.22	-	-	134.56	219.97
Segment Liabilities	1,786.67	1,822.41	1,117.53	882.36	1,386.43	453.80	215.38	285.06	(53.23)	(56.38)	4,452.78	3,387.25

\* Revenue from customers in respect of Airports for the year ended March 31, 2007 is net of annual fees to Airports Authority of India, amounting to Rs. 271.98 Crore (2006 - Nil)

## Notes forming part of the Consolidated Accounts

### (xvi) Related Party Transactions

#### A. Names of related parties and description of relationship:

Sl. No.	Relationship	Name of the Parties
(i)	Holding Company	GMR Holdings Private Limited
(ii)	Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	Airports Authority of India (AAI) Malaysia Airports Holdings Berhad (MAHB) Government of Andhra Pradesh (GoAP) Fraport AG Frankfurt Airport Services Worldwide (FAG) Malaysia Airports (Mauritius) Private Limited (MAMP) U E Development India Private Limited (UEDI) India Development Fund (IDF)
(iii)	Enterprises where significant influence exists	GMR Varalakshmi Foundation (GVF) GVL Investments Limited (For previous year) GMR Operations Private Limited (For previous year)
(iv)	Fellow Subsidiary	GMR Industries Limited (GIDL) Raxa Security Services Limited (RSSL)
(v)	Enterprises where key management personnel and their relatives exercise significant influence exists	Sucharitha Estates Private Limited (SEPL) GMR Projects Private Limited (GPPL)
(vi)	Key Management Personnel	Mr. G.M.Rao Mr. G.B.S.Raju Mr. G. Kiran Kumar Mr. B.V.N.Rao Mr. Srinivas Bommidala Mr. O Bangaru Raju Mr. K. Balasubramanian Mrs G Varalakshmi Mrs B Ramadevi

#### B. Summary of transactions with the above related parties is as follows:

(Rs. in Crore)

Nature of transaction	2007	2006
Sale of equity shares		
- Holding Company	-	19.07
- Key Management Personnel	-	-
Purchase of equity shares		
- Key Management Personnel	0.02	0.10
- Holding Company	399.33	-
Share Application Money Received		
- Holding Company	-	291.26
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	115.10	317.50
Share Application Money Refunded		
- Holding Company	-	3,31.25
- Shareholder's having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	-	2,64.00
- Enterprises where significant influence exists	-	2,52.54
Unsecured Loans taken and repaid		
- Holding Company	303.04	120.55
- Enterprises where significant influence exists	-	0.27
Interest on unsecured loans		
- Holding Company	0.56	-
- Enterprise where significant influence exists	-	0.52
Share Application Money Invested		
- Enterprises where significant influence exists	-	269.80
Redemption of preference shares		
- Enterprises where significant influence exists	-	20.51

## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

(Rs. in Crore)

Nature of Transaction	2007	2006
Issue of Bonus Shares		
- Holding Company	-	105.77
- Key Management Personnel	-	-
Pre-Closing Date Development cost		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	-	1.16
Operation and Maintenance Services		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	21.89	5.23
- Holding Company	3.67	3.66
Technical Service Fee		
- Holding Company	10.50	10.23
Remuneration		
-Key Management Personnel	19.33	29.29
Donations		
- Enterprises where significant influence exists	6.54	6.25
Security Services Rendered		
-Fellow Subsidiary	3.37	0.01
Retention Money Release		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	10.49	-
Aircraft Usage Charges		
- Fellow Subsidiary	22.47	-
Capital expenditure towards Engineering, Procurement and Construction contract (including mobilization advance)		
- Enterprises where Key management Personnel and their relatives exercises significant influence exists	317.84	-
Rent Deposit Paid		
- Enterprises where key management personnel and their relatives exercise significant influence exists	18.79	-
Logo License Fee		
- Holding Company	0.001	-
Consultancy Fee		
- Fellow Subsidiary	0.43	-
Upfront Fee		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	150.00	-
Annual Fee		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	271.98	-
Operation Support Cost		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	77.79	-
Capital Work in Progress		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	73.16	-
Airport Operators Agreement		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	45.72	-
Expenses for major maintenance		
- Holding Company	4.68	-

## Notes forming part of the Consolidated Accounts

### Schedule 19 (Contd.)

(Rs. in Crore)

Nature of Transaction	2007	2006
<b>Balance Payable /Recoverable</b>		
- Holding Company	2.21	-
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	52.83	8.25
- Enterprises where Key management personnel and their relatives exercises significant influence exists	(18.79)	-
- Enterprises where Key management personnel and their relatives exercises significant influence exists	145.85	-
- Key management personnel	8.42	6.78

#### Notes:

- (i) The Company has provided securities by way of pledge of investments for loans taken by certain companies.
- (ii) Certain Key Management Personnel have extended personal guarantees as security towards borrowings of the Company and other bodies corporate. Similarly the holding company has pledged certain shares held in the Company and other bodies corporate as security towards the borrowings of the Company.
- (iii) 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.

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

**Sd/-**  
**G.M.Rao**  
Chairman &  
Managing Director

**Sd/-**  
**G B S Raju**  
Group Director &  
Group CFO

**Sd/-**  
**A.S.Chelukupalli**  
Company Secretary

Place : Bangalore  
Date: June 30, 2007

## Consolidated Cash Flow Statement for the year ended March 31, 2007

(Rs. in Crore)

Particulars	2007	2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	283.31	106.13
<b>Adjustments for :</b>		
Depreciation	134.56	219.97
Provision for diminution in value of investments	5.69	-
(Profit)/Loss from sale of investments (net)	(3.77)	1.77
(Profit)/Loss from sale/write off of fixed assets (net)	0.13	0.46
Provision for doubtful advances/claims/debts etc.	4.97	15.65
Dividend income	(3.27)	(5.79)
Income from investments	(12.82)	(3.64)
Interest income	(17.23)	(0.91)
Interest expenses	144.14	130.27
<b>Operating Profit Before Working Capital Changes</b>	<b>535.71</b>	<b>463.91</b>
<b>Adjustments for :</b>		
Inventories	5.46	(5.23)
(Increase)/Decrease in Trade and other receivables	(151.62)	(140.98)
Increase/(Decrease) in Trade Payables	337.81	(37.68)
<b>Cash generated from operations</b>	<b>191.65</b>	<b>(183.89)</b>
Direct taxes paid (including fringe benefit tax)	(53.08)	(14.84)
<b>Net Cash from Operating Activities</b>	<b>674.28</b>	<b>265.18</b>
<b>B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		
(Purchase)/Sale of fixed assets (net)	(1,958.84)	(866.37)
(Purchase) / Sale of investments (net)	(8.70)	(82.00)
Income from investments	12.82	3.64
Interest received	11.22	26.57
Dividend received	3.27	5.79
<b>Net Cash used in Investing Activities</b>	<b>(1,940.23)</b>	<b>(912.37)</b>
<b>C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES</b>		
Issue of equity shares (including share premium) (Refer Note 2 below)	1,268.42	-
Issue of common stock in consolidated entities (including share application money)	34.40	30.35
Proceeds/(Repayments) from/of Borrowings (Net)	735.40	1,006.53
Interest paid	(145.65)	(157.56)
Dividend paid (including dividend distribution tax)	(2.33)	(7.32)
<b>Net Cash used in Financing Activities</b>	<b>1,890.24</b>	<b>872.00</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>624.29</b>	<b>224.81</b>
<b>Cash and Cash Equivalents as at April 1,</b>	<b>675.75</b>	<b>450.94</b>
<b>Cash and Cash Equivalents as at March 31,</b>	<b>1,300.04</b>	<b>675.75</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.
- Represents amount received towards issue of Equity Shares by way of preferential allotment and initial public offer and is net of Rs. 70.67 expenditure incurred in respect of initial public offer of equity shares.
- Previous years figures have been regrouped and reclassified to conform to those of the current year.
- Cash and cash equivalents as at March 31, 2007 include restricted Cash and Bank balance amounting to Rs. 256.54 (2006: Rs Nil).

This is the Consolidated Cash flow referred to in our report of even date.

For and on behalf of the Board of Directors

Sd/-  
**P. Rama Krishna**  
Partner  
Membership Number 22795  
For and on behalf of  
**Price Waterhouse**  
**Chartered Accountants**

Sd/-  
**G.M. Rao**  
Chairman &  
Managing Director

Sd/-  
**G.B.S Raju**  
Group Director &  
Group CFO

Sd/-  
**A.S. Cherukupalli**  
Company Secretary

Place: Bangalore  
Date: June 30, 2007