

Consolidated Financial Statements

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

To

The Board of Directors

GMR Infrastructure Limited

Skip House, 25/1 Museum Road, Bangalore 560 025

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, 2008, 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 management of the Company 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. 1,832.39 crore and total revenues of Rs. 228.66 crore for the year ended on that date, and net cash outflows of Rs. 15.43 crore for the year ended on that date. Further, we did not audit the financial statements of associates whose financial statements reflect the consolidated entities' share of profits of Rs. 0.01 crore for the year ended on that date. 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' as referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 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, 2008;
 - b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended March 31, 2008; and
 - c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended March 31, 2008.

Sd/-

P. Ram Krishna
Partner

Membership Number 22795

For and on behalf of
Price Waterhouse
Chartered Accountants

Place: Bangalore

Date: May 21 2008

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 1 CAPITAL		
Authorised		
3,750,000,000 (2007: 400,000,000) Equity shares of Rs. 2 (2007: Rs. 10) each	750.00	400.00
	750.00	400.00
Issued, Subscribed and Paid Up		
1,820,658,088 (2007: 331,084,000) Equity Shares of Rs. 2 (2007: Rs. 10) each fully paid-up	364.13	331.08
Notes:		
Of the above,		
i) 528,873,615 equity shares of Rs. 2 each (2007: 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) 1,333,613,610 equity shares of Rs. 2 each (2007: 266,722,722 equity shares of Rs. 10 each) fully paid-up are held by the holding company GMR Holdings Private Limited.		
	364.13	331.08
Less: Calls unpaid (2008: Rs. 11,625 ; 2007: Rs. 50,125)	0.00	0.01
Total	364.13	331.07
Refer Note 4 (xiv) (c) of Schedule 19 on sub-division of equity shares of the company carrying a face value of Rs. 10 each into 5 equity shares of Rs. 2 each during the year ended March 31, 2008.		

SCHEDULE | 2 | RESERVES AND SURPLUS

Capital Reserve on consolidation		
As at the commencement of the year	125.69	144.79
Add: Additions for the year	12.17	-
Less: Reduction on account of acquisition	-	19.10
	137.86	125.69
Securities Premium Account		
At the commencement of the year	1,201.78	-
Add: Received/Receivable towards public issue / QIP of equity shares (Refer Note 4 (iii) (A), (B) and (C) of Schedule 19)	3,932.72	1,272.52
Less: Utilised towards share issue expenses	63.68	70.67
Less : Calls Unpaid	-	0.07
	5,070.82	1,201.78
Debenture Redemption Reserve		
At the commencement of the year	25.14	43.75
Less: Transfer to Profit and Loss Account	(5.14)	(18.61)
	20.00	25.14
Foreign Currency Translation Reserve	0.18	-
Balance in Profit and Loss Account	523.70	308.61
Add: Adjustment for Gratuity/Leave Encashment in terms of transitional adjustment of AS 15 Revised. (Refer note 4 (xii) of schedule 19)	0.51	-
	524.21	308.61
Total	5,753.07	1,661.22

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 3 SECURED LOANS		
Debentures		
i) Nil (2007: 185,000) Secured Redeemable Non-Convertible Debentures of Rs. 100 each	-	0.93
ii) Nil (2007: 300,000) Secured Redeemable Non-Convertible Debentures of Rs. 100 each	-	3.00
iii) Nil (2007:162,500) Secured Redeemable Non-Convertible Debentures of Rs. 100 each	-	1.63
[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) 800 (2007 - 950) Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each (These debentures bear interest at the rate of 9.81% per annum (8.91% up to September 30, 2006).	80.00	95.00
Term Loans		
Rupee loans		
From Financial Institutions	891.83	352.15
From Banks	5,024.90	1,972.30
From Others	43.14	-
Interest accrued and due	0.87	0.03
Foreign currency loans		
From Financial Institutions	61.97	102.44
From Banks	614.28	151.53
(Out of the above, Rupee Term Loan amounting to Rs. 275 (2007 - Rs. Nil) is secured by pledge of 8,308,870 paid up equity shares of Rs. 2 each of GMR Infrastructure Limited, held by GMR Holdings Private Limited and by way of guarantee issued by GMR Holdings Private Limited, the holding company. (Rupee term loans of subsidiary companies under Roads segment amounting to Rs. 1,766.71 (2007 : Rs. 1,015.65) are secured by way of pari passu first charge over the respective companies moveable properties, both present and future, including plant and machinery. Further secured by the rights, title, interest, benefit, claims, of the respective companies 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. These loans are further secured by way of pledge of equity shares of 76,372,477 and 22,258,258 of the respective companies held by their holding company and its subsidiary companies)		
(Rupee and Foreign currency term loans of subsidiary companies under power sector amounting to Rs. 892.86 (2007 : Rs. 1,021.16) are secured/to be secured by way of joint equitable mortgage by deposit of the title deeds of the leasehold land/buildings and by way of first pari passu first charge over freehold land of the respective companies and are also secured by pari-passu first charge on the respective companies movable assets, immovable assets and other assets, both present and future and further secured by right, title, interest, benefits, claims and demands of the respective companies 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 respective companies in respect of monies lying to the credit of trust and retention account and other accounts. Further secured by personal guarantees by some of the Directors of the above subsidiary companies and by pledge of 255,061,861 shares of these subsidiary companies held by their holding companies)		
(Term loans of subsidiaries under Airport Segment amounting to Rs. 3,611.53 (2007: 536.68) are secured/to be secured by mortgage of Leasehold right, title, interest and benefit in respect of Leasehold Land and first charge on all movable and immovable assets, operating cash flows, book debts, receivables, 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 in case one		

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 3 SECURED LOANS (Contd.)		
such subsidiary, 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		
(Term loans of subsidiaries under Others segment amounting to Rs. 90 (2007: Rs. Nil) are secured by way of hypothecation of Aircraft)		
Short Term Loans		
Cash Credit, Demand Loans and Working Capital Loans from Banks	12.72	70.29
(secured by hypothecation of 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).		
Bills Discounted	-	196.04
(The facilities of a subsidiary under Energy Segment are secured against letters of credit issued by Canara Bank, Bank of India, Bank of Baroda and Andhra Bank)		
Bank Overdraft	114.12	76.62
(The facilities of the Company 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).		
Total	6,843.83	3,021.96

SCHEDULE 4 | UNSECURED LOANS

Short Term		
From Banks	576.95	160.97
From Others	26.00	1.30
Other than Short Term		
From Banks	131.10	141.10
Interest free loan from Government of Andhra Pradesh	315.05	315.00
Deposit from Concessionaires	23.00	7.50
From Others	61.00	57.85
Total	1,133.10	683.72

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

SCHEDULE 5 FIXED ASSETS	Description	Gross Block			Depreciation			Net Block	
		As at March 31, 2007	Additions	Adjustments/Withdrawals	As at March 31, 2008	For the year	On Withdrawals	As at March 31, 2008	As at March 31, 2007
	Goodwill on Consolidation	373.09	15.43	-	388.52	-	-	388.52	373.09
	Tangible Assets								
	Land	13.80	0.29	-	14.09	-	-	14.09	13.80
	Runways & Others	-	534.89	-	534.89	0.40	0.40	534.49	-
	Buildings	233.39	857.20	0.70	1,089.89	13.51	-	1,033.98	190.99
	Plant and Machinery	2,621.38	495.71	1.12	3,115.97	1,080.15	-	1,930.49	1,541.23
	Office Equipment	28.96	340.38	0.44	368.90	6.08	0.13	357.00	23.01
	Capitalised Software	1.43	2.84	-	4.27	0.18	-	3.51	0.85
	Leasehold Improvements	2.20	99.06	-	101.26	0.04	-	100.51	1.49
	Furniture and Fixtures	9.27	40.19	0.73	48.73	2.36	0.06	43.65	6.49
	Aircrafts / Vehicles	2.99	149.09	0.19	151.89	5.97	0.07	145.26	2.26
	Intangible Assets								
	Carriage Ways	658.59	13.82	-	672.41	44.17	-	523.88	554.23
	Airport Concessionaire Rights	195.51	-	-	195.51	3.26	-	189.26	192.52
	Sub Total	4,140.61	2,548.90	3.18	6,686.33	181.30	0.26	5,264.64	2,899.96
	Assets Taken on Lease								
	Office Equipment	-	5.39	-	5.39	0.12	-	5.27	-
	Sub Total	-	5.39	-	5.39	0.12	-	5.27	-
	Grand Total	4,140.61	2,554.29	3.18	6,691.72	181.42	0.26	5,269.91	2,899.96
	Capital work in progress (including capital advances)								
	Previous year	2,455.89	1,724.43	39.71	4,140.61	136.89	1.36	2,899.96	1,423.18

Notes:

1. Plant and Machinery is net of foreign exchange fluctuations capitalised Rs. 24.37 upto March 31, 2008 (2007 - Rs. 24.37)
2. Buildings with a gross book value of Rs. 1,006.70 (2007 - Rs. 109.51) are on leasehold land.
3. Depreciation for the year includes Rs. 2.91 (2007 : Rs. 2.33) relating to certain consolidated entities in the project stage which is included in Schedule 6.
4. Carriage Ways are mainly intangible assets, being the right to operate and maintain the highways on Build, Operate and Transfer basis.
5. Additions/Deletions and depreciation for the year include the effect of regrouping/reclassification of assets.
6. 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 Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 6 EXPENDITURE DURING CONSTRUCTION PERIOD, PENDING ALLOCATION (NET)		
Expenditure during construction period, pending allocation (net)		
Fuel Cost (including transmission charges)	-	71.18
Operation and Maintenance	-	11.14
Salaries, allowances and benefits to employees	160.14	73.70
Contribution to provident fund and others	5.37	2.84
Staff welfare expenses	10.94	7.11
Rent	23.87	14.74
Repairs and Maintenance - Others	43.14	3.99
Rates and taxes	7.20	7.63
Insurance	8.05	12.69
Consultancy and professional charges	262.65	128.38
Director's Sitting Fees	0.18	0.17
Remuneration to auditors	0.69	0.55
Travelling and conveyance	81.09	41.61
Income Tax	1.11	1.70
Fringe Benefit Tax	5.85	2.65
Depreciation	6.58	3.67
Interest on fixed loans	263.10	119.62
Bank/ other finance charges	98.91	94.49
Loss on sale of fixed assets (net)	0.02	0.20
Miscellaneous expenses	108.60	59.53
Negative Grant [Refer Note 4 viii (B) of Schedule 19]	256.36	109.63
(i)	1,343.85	767.22
Less: Other Income		
Sale of Power	-	10.28
Interest income (gross) [Tax deducted at source - Rs. 0.12 (2007: Rs. 0.32)]	3.09	4.83
Income from investments - Other than trade (gross) [Tax deducted at source - Rs. Nil (2007: Nil)]	27.13	12.00
Profit on sale of investments	0.17	0.19
Miscellaneous income	5.63	1.16
Rent Received - Land Sub Lease [Tax deducted at source - Rs. Nil (2007: Rs. 0.08)]	1.51	0.38
Gain/(Loss) on Exchange Fluctuations (Net)	1.65	(6.92)
(ii)	39.18	21.92
Total Expenditure during construction period, pending allocation (net) - [(i) - (ii)]	1,304.67	745.30
Less: Apportioned over cost of Fixed Assets	434.87	257.79
Less: Charged to Profit and Loss Account	26.63	4.71
Total	843.17	482.80

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS		
Long term		
In shares of associate company		
(At cost plus share of profits based on equity accounting)		
GMR Highways Private Limited (25,000 (2007: 25,000) shares of Rs. 10 each)	0.03	0.03
Others		
In equity shares of Rs.10/- each, fully paid up		
Business India Publications Limited (5,000 (2007: 5,000) equity shares)	0.06	0.06
Homeland Mining & Energy SA Private Limited (1 (2007: Nil) Equity Share of Re. 1 each fully paid up)	11.89	-
Rampia Coal Mine and Energy Private Limited (5,217,430 (2007: Nil) Equity Shares of re. 1 each fully paid up)	0.50	-
Vemagiri Power Services Limited (5,000 (2007: 5,000) equity shares)	0.01	0.01
Ujjivan Financial Services Private Limited (5,000 (2007: 5,000) equity shares)	0.05	0.04
GMR Ferro Alloys Industries Limited (407,329 (2007: Nil) Shares of Rs. 10/- each)	0.37	-
In Preference Shares of Rs. 10/- each fully paid up	1.50	-
White Rose Finance Pvt. Ltd. (150,000 (2007:Nil) Preference Shares of Rs. 100/- each)		
(i)	14.41	0.14
Current		
Other than trade - unquoted*		
Mutual Funds		
Birla Sunlife Liquid Plus Fund (298,819,629 (2007: Nil) units of Rs. 10 per unit)	299.30	-
Birla Sunlife Interval Income Fund (50,396,318 (2007: Nil) units of Rs. 10 per unit)	50.40	-
Birla Sunlife Dynamic Bond Fund (71,256,199 (2007: Nil) units of Rs. 10 per unit)	75.00	-
Birla Sunlife Infrastructure Fund (4,953,793 (2007: Nil) units of Rs. 10 per unit)	6.46	-
DSP Merrill Lynch Liquid Plus Fund (502,253 (2007: Nil) units of Rs. 1000 per unit)	50.26	-
DWS Money Plus Fund (54,017,581 (2007: Nil) units of Rs. 10 per unit)	54.06	-
HDFC Floating Rate Income Fund (52,008,282 (2007: Nil) units of Rs. 10 per unit)	52.43	-
HSBC Liquid Plus Fund (89,733,525 (2007: Nil) units of Rs. 10 per unit)	89.94	-
LIC Liquid Fund Daily Dividend (31,452,681 (2007: 2,770,668) units of Rs. 10 per unit)	31.59	3.04
Prudential ICICI Liquid Fund - Super Institutional Daily Dividend (557,297,607 (2007: 12,757,812) units of Rs. 10 per unit)	507.33	12.76

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)		
Prudential ICICI Inteval Fund - Quarterly Interval Plan (110,641,974 (2007: Nil) units of Rs. 10 per unit)	110.64	-
Prudential ICICI Fixed Maturity Plan (85,182,924 (2007: Nil) units of Rs. 10 per unit)	85.18	-
Prudential ICICI Flexible Income Plan (29,175,596 (2007: Nil) units of Rs. 10 per unit)	30.85	-
ING Vysya Liquid Fund (451,333,620 (2007: 1,049,314) units of Rs. 10 per unit)	549.27	1.05
ING Vysya Fixed Maturity Fund (25,000,000 (2007: Nil) units of Rs. 10 per unit)	25.00	-
ING Vysya Global Real Estate Fund (10,000,000 (2007: Nil) units of Rs. 10 per unit)	10.00	-
JM High Liquidity Fund (1,565,396 (2007: Nil) units of Rs. 10 per unit)	1.57	-
JM Money Manager Fund (50,658,756 (2007: Nil) units of Rs. 10 per unit)	50.68	-
JM Interval Fund - Quarterly Plan (50,000,000 (2007: Nil) units of Rs. 10 per unit)	50.00	-
Kotak Flexi Debt Fund (102,008,526 (2007: Nil) units of Rs. 10 per unit)	102.33	-
Kotak Liquid Fund (84,700,180 (2007: Nil) units of Rs. 10 per unit)	128.03	-
LIC Mutual Liquid Fund (83,973,128 (2007: 450,995) units of Rs. 10 per unit)	92.20	0.50
LIC Mutual Liquid Plus Fund (29,676,826 (2007: Nil) units of Rs. 10 per unit)	29.68	-
Lotus India Liquid Plus Fund (77,270,552 (2007: Nil) units of Rs. 10 per unit)	77.39	-
Principal Floating Rate Fund (98,742,856 (2007: Nil) units of Rs. 10 per unit)	98.87	-
Reliance Fixed Horizon Fund (50,000,000 (2007: Nil) units of Rs. 10 per unit)	50.00	-
Reliance Liquidity Fund (442,550 (2007: Nil) units of Rs. 1000 per unit)	44.30	-
Principal Fund - Fixed Maturity Plan (10,000,000 (2007: Nil) units of Rs. 10 per unit)	10.00	-
Reliance Liquid Fund - Daily Dividend Option (219,136,522 (2007: 8,559,934) units of Rs. 10 per unit)	224.15	8.56
Tata Dynamic Bond Fund (98,352,594 (2007: Nil) units of Rs. 10 per unit)	100.00	-
Tata Floater Fund (78,596,175 (2007: Nil) units of Rs. 10 per unit)	78.88	-
Tata Fixed Horizon Fund (25,000,000 (2007: Nil) units of Rs. 10 per unit)	25.19	-

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)		
Tata Liquid Super High Investment Fund (453,186 (2007: Nil) units of Rs. 1000 per unit)	50.51	-
DBS Chola Mutual Fund (Nil (2007: 5,090,850) units of Rs. 10 per unit)	-	5.00
UTI - Liquid Cash Plan Institutional - Daily Income Option (7,883,928 (2007: 14,316,492) units of Rs. 1,000 per unit)	971.64	1.46
UTI - Fixed Maturity Plan (125,206,873 (2007: Nil) units of Rs. 10 per unit)	125.20	-
UTI - Fixed Income Interval Fund (100,398,256 (2007: Nil) units of Rs. 10 per unit)	100.40	-
ABN Amro Flexible Short Term Plan - Quarterly Dividend (10,000,000 (2007: Nil) units of Rs. 10 per unit)	10.00	-
ABN Amro Interval Fund - Quarterly plan H Interval Dividend (30,000,000 (2007: Nil) units of Rs. 10 per unit)	30.00	-
Standard Chartered Fixed Maturity Plan (10,270,940 (2007: Nil) units of Rs. 10 per unit)	10.27	-
SBI Liquid Fund (174,502,798 (2007: Nil) units of Rs. 10 per unit)	175.08	-
Principal cash Management Liquid Fund (25,873,606 (2007: Nil) units of Rs. 10 per unit)	25.88	-
AIG India Liquid Fund (549,946 (2007: Nil) units of Rs. 1000 per unit)	55.04	-
Principal Mutual Fund (Nil (2007: 3,511,454) units of Rs. 10 per unit)	-	3.51
Reliance Liquidity Fund (Nil (2007: 31,753,572) units of Rs. 10 per unit)	-	31.77
Reliance Fixed Horizon Fund - Annual Plan # (Nil (2007: 15,000,000) units of Rs. 10 per unit)	-	15.00
UTI Liquid cash Fund # (Nil (2007: 128,073) units of Rs. 1000 per unit)	-	13.06
UTI Liquid Plus Fund Institutional Plan (689,125 (2007: Nil) units of Rs. 1000 per unit)	68.93	
Lotus India FMP (Nil (2007: 5,000,000) units of Rs. 10 per unit)	-	5.00
Principal Cash Management Liquid Fund - Institutional Premium Daily Dividend (Nil (2007: 19,104,702) units of Rs. 10 per unit)	-	19.11
ING Vysya Liquid Fund Institutional Daily Dividend # (Nil (2007: 12,737,289) units of Rs. 10 per unit)	-	12.75
DBS Chola Short Term Floating Rate Fund - Daily Dividend (Nil (2007: 6,599,526) units of Rs. 10 per unit)	-	6.62

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)		
Standard Chartered Liquidity Manager Plus Daily Dividend (Nil (2007: 5,299) units of Rs. 1000 per unit)	-	0.53
ICICI Prudential - Daily Dividend Scheme (Nil (2007: 9,753,918) units of Rs. 10 per unit)	-	9.75
ING Vysya Mutual Fund (AAA rating) - Daily Dividend Scheme (6,137,941 (2007: 6,137,941) units of Rs. 10 per unit)	-	6.21
ING Vysya Mutual Fund - Daily Dividend Scheme (Nil (2007: 356,147) units of Rs. 10 per unit)	-	0.36
ING Vysya Liquid Fund Super Institutional - Daily Dividend Option (Nil (2007: 10,729,495) units of Rs.10 per unit)	-	10.74
ICICI Prudential Fund Daily Dividend Option (1,680,722.83 (2007: 1,680,723) units of Rs. 10 per unit)	-	1.68
Chola Mutual Fund - Liquid Institutional Dividend Reinvestment Plan (Nil (2007: 1,609,317) units of Rs. 10 per unit)	-	1.61
Bonds:		
8.20% 2007 Housing Urban Development Corporation Bonds (Nil (2007: 100) Bonds of Rs. 1,000,000 each)	-	10.00
9.20% Central bank of India Bonds (50 (2007: Nil) Bonds of Rs. 1,000,000 each)	5.00	-
8.95% Central bank of India Bonds (100 (2007: 100) Bonds of Rs. 1,000,000 each)	10.00	10.15
7.45% State Bank of India Bonds # (Nil (2007: 100) Bonds of Rs. 1,000,000 each)	-	9.84
7.1% Power Grid Corporation of India Limited Bonds # (Nil (2007: 50) Bonds of Rs. 1,000,000 each)	-	4.51
(ii)	4,828.93	204.57
Other than Trade - Quoted		
Government Securities**		
6.35% Government of India 2020 (1,500,000 (2007: 1,500,000) units of Rs. 100 per unit)	13.01	12.90
6.05% Government of India 2019 (500,000 (2007: 500,000) units of Rs. 100 per unit)	4.26	4.21
5.59% Government of India 2016 1 (2007: 1) unit of Rs. 10.00 crore per unit)	8.83	8.83
7.38% Government of India 2015 (1 (2007: 1) unit of Rs. 10.00 crore per unit)	10.45	10.45
7.46% Government of India 2017 (5 (2007: 4) unit of Rs. 1.00 crore per unit)	4.91	4.88
(iii)	41.46	41.27
Equity Shares***		
Akruthi Nirman Limited (Nil (2007: 2,918) shares of Rs. 10 each fully paid up)	-	0.12
Akruthi city Limited (5,000 (2007: Nil) shares of Rs. 10 each fully paid up)	0.39	-

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)		
Andhra Bank (Nil (2007: 129,765) shares of Rs. 10 each, fully paid up)	-	0.99
Aban Offshore Limited (Nil (2007: 1,500) shares of Rs. 2 each fully paid up)	-	0.23
Development Credit Bank Limited (15,000 (2007: Nil) shares of Rs. 10 each fully paid up)	0.13	-
Edelweiss Securities Limited (8,000 (2007: Nil) shares of Rs. 10 each fully paid up)	0.66	-
Eimco Elecon (India) limited (Nil (2007: 84,972) shares of Rs. 10 each fully paid up)	-	2.44
Federal Bank Limited (950 (2007: 950) shares of Rs. 10 each, fully paid up)	0.04	0.04
GMR Industries Limited (Nil (2007: 1,071,920) shares of Rs. 10 each, fully paid up)	-	0.98
ING Vysya Bank Limited (282,810 (2007: 282,810) shares of Rs. 10 each, fully paid up)	2.56	2.56
ICRA Limited (10,000 (2007: Nil) shares of Rs. 10 each, fully paid up)	0.66	-
Karur Vysya Bank Limited (80,000 (2007: 794,735) shares of Rs. 10 each, fully paid up)	1.24	4.89
Kasturi Foods Limited (15,000 (2007: 15,000) shares of Rs. 10 each, fully paid up)	0.02	0.02
Kotak Bank Limited (5,000 (2007: Nil) shares of Rs. 10 each, fully paid up)	0.31	-
Power Finance Corporation Limited (Nil (2007: 14,248) shares of Rs. 10 each fully paid up)	-	0.12
Patel Engineering limited (Nil (2007: 1,500) shares of Re. 1 each fully paid up)	-	0.06
Ramco Industries Limited (21,221 (2007: 33,376) shares of Rs. 10 each fully paid up)	1.56	2.60
Ramco Systems Limited (Nil (2007: 52,812) shares of Rs.10 each, fully paid up)	-	0.68
Reliance Communications Limited (Nil (2007: 1,445) shares of Rs. 5 each fully paid up)	-	0.06
Suraj Diamonds Limited (50,000 (2007: Nil) shares of Rs. 10 each, fully paid up)	0.30	
Tanla Solutions Private Limited (Nil (2007: 13,816) shares of Rs. 2 each fully paid up)	-	0.37
Tata Steel Limited (Nil (2007: 4,500) shares of Rs. 10 each fully paid up)	-	0.20
The Karnataka Bank Limited (Nil (2007: 23,000) shares of Rs. 10 each fully paid up)	-	0.37
Tech Mahindra Limited (Nil (2007: 1,000) shares of Rs. 10 each, fully paid up)	-	0.14
Transformers & Rectifiers Limited (500 (2007: Nil) shares of Rs. 10 each, fully paid up)	0.02	-

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 7 INVESTMENTS (Contd.)		
Webel-SI-Energy Systems Limited (16,042 (2007: 1,111) shares of Rs.10 each, fully paid up)	0.40	0.04
AIA Engineering Limited [2,442 (2007: Nil) shares of Rs.10 each, fully paid up]	0.37	-
BASF India Limited [13,462(2007: Nil) shares of Rs.10 each, fully paid up]	0.26	-
Bharath Earth Movers Limited [3,916 (2007: Nil) shares of Rs.10 each, fully paid up]	0.39	-
Container Corporation of India Limited [2,301 (2007: Nil) shares of Rs.10 each, fully paid up]	0.40	-
Coromandel Fertilisers Limited [24,952 (2007: Nil) shares of Rs.2 each, fully paid up]	0.29	-
Crompton Greaves Limited [12,084 (2007: Nil) shares of Rs.2 each, fully paid up]	0.33	-
Gammon India Limited [9,404 (2007: Nil) shares of Rs.2 each, fully paid up]	0.36	-
Great Offshore Limited [4,666 (2007: Nil) shares of Rs.10 each, fully paid up]	0.30	-
HDFC Limited [2,114 (2007: Nil) shares of Rs.10 each, fully paid up]	0.50	-
Hindustan Dorr Oliver Limited [27,826 (2007: Nil) shares of Rs.2 each, fully paid up]	0.26	-
ICICI Bank Limited [5,665 (2007: Nil) shares of Rs.10 each, fully paid up]	0.44	-
KEC International Limited [4,128 (2007: Nil) shares of Rs.10 each, fully paid up]	0.27	-
Larsen and Tourbro Limited [2,350 (2007: Nil) shares of Rs.2 each, fully paid up]	0.71	-
Moser Baer (I) Limited [14,153(2007: Nil) shares of Rs.10 each, fully paid up]	0.22	-
Navin Flourine International Limited [12,369 (2007: Nil) shares of Rs.10 each, fully paid up]	0.27	-
Reliance Industries Limited [2,863 (2007: Nil) shares of Rs.10 each, fully paid up]	0.65	-
Reliance Energy Limtied [2,259 (2007: Nil) shares of Rs.10 each, fully paid up]	0.28	-
Welspun Gujrat Stahl Rohren Limited [7,354 (2007: Nil) shares of Rs.5 each, fully paid up]	0.28	-
Less: Provision for diminution in the value of Investments	(0.47)	(0.47)
	(iv)	14.40
Other than Trade -Un Quoted		
Equity Shares		
Sai Rayalaseema Paper Mills Limited [323,210 (2007: Nil) shares of Rs.10 each, fully paid up]	0.39	-
	(v)	0.39
Total	(i)+(ii)+(iii)+(iv)+(v)	262.42

Notes:

* Aggregate Net Asset Value of Mutual Funds and Bonds - Rs. 4,830.42 (2007: Rs. 204.97)

** Aggregate Market value of Government securities - Rs. 41.46 (2007: Rs. 41.27)

*** Aggregate Market Value of short term quoted equity shares - Rs. 14.40 (2007: Rs. 49.58)

These investments include Rs. Nil (2007: Rs. 40.59), representing balance of unutilised moneies out of IPO.

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 8 INVENTORIES		
Stores and spares	14.62	15.52
Raw Materials	23.41	14.89
Total	38.03	30.41

SCHEDULE 9 SUNDRY DEBTORS (Trade, Unless Otherwise Stated)		
Debts outstanding for a period exceeding six months:		
Secured - considered good	52.28	21.39
Secured - considered doubtful	20.95	22.26
Less Provision for doubtful debts	20.95	22.26
	52.28	21.39
Unsecured - considered good	0.72	6.42
	53.00	27.81
Other debts:		
Secured - considered good	139.07	195.58
Secured - considered doubtful	14.66	1.98
Less Provision for doubtful debts	14.66	1.98
	139.07	195.58
Unsecured - considered good*	213.63	137.53
Unsecured - other than trade - considered good	5.89	25.10
Total	411.59	386.02

* includes unbilled revenue amounting to Rs. 187.32 (2007 - Rs. 79.20)

SCHEDULE 10 CASH AND BANK BALANCES		
Cash and Cheques on hand	0.29	0.32
Balances with scheduled banks		
- On Current Account - Balance of unutilised monies raised by way of IPO	0.02	0.30
- On Current accounts - others	297.19	45.98
- On Deposit Accounts - Balance of unutilised monies raised by way of IPO	-	250.00
- On Deposit accounts - others	557.14	986.89
- On Margin Money*	39.85	16.55
Total	894.49	1,300.04

* includes Rs. 6.54 (2007: 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.

Schedules forming part of Consolidated Balance Sheet as at March 31, 2008

(Rs. in crore)

	As at March 31, 2008	As at March 31, 2007
SCHEDULE 11 CURRENT ASSETS (Unsecured and Considered Good)		
Interest accrued but not due on deposits	5.21	9.12
Claims receivable	0.59	4.56
Grant receivable from authorities	0.04	0.04
Total	5.84	13.72

SCHEDULE 12 LOANS AND ADVANCES (Unsecured and considered good, unless otherwise stated)		
Loans to Employees	1.25	2.13
Loans to Others	-	4.32
Advance towards share application money	1.40	2.95
Advances recoverable in cash or in kind or for value to be received	273.04	101.85
Deposit with government authorities	110.80	25.85
Deposits with others	54.68	10.29
Balances with customs, excise, etc.,	76.15	14.29
Advance tax (net of provision)	42.29	20.74
MAT Credit entitlement	13.91	4.65
	573.52	187.07
Less: Provision for bad/doubtful advances	0.43	-
Total	573.09	187.07

SCHEDULE 13 CURRENT LIABILITIES AND PROVISIONS		
a) Liabilities		
Sundry Creditors		
Dues to micro and small enterprises	2.62	0.07
Dues to other than micro and small enterprises	932.22	408.33
	934.84	408.40
Book overdraft	48.20	1.73
Interest accrued but not due	9.76	0.95
Share Application Money Refunds - not claimed	0.07	0.08
Advances/Deposits from customers/concessionaires	112.32	72.24
Retention Money	120.56	61.75
Other liabilities	52.14	117.51
	1,277.89	662.66
b) Provisions		
Dividend distribution tax	0.13	0.05
Provision for employee benefits	4.57	6.57
Provision for Operations and Maintenance (net of advances)	83.46	77.84
	88.16	84.46
Total	1,366.05	747.12

Schedules forming part of Consolidated Profit and Loss Account

for the year ended March 31, 2008

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
SCHEDULE 14 SALES AND OPERATING INCOME		
Power		
Income from sale of electrical energy	1,578.17	1,220.50
Less: Prompt Payment Rebate	36.97	25.61
	1,541.20	1,194.89
Roads		
Annuity income from Expressways	139.62	138.08
Income from various works-Expressways	0.08	5.11
	139.70	143.19
Airports		
Aeronautical	323.80	268.37
Non - Aeronautical	348.79	162.53
Cargo Operations	203.96	157.10
	876.55	588.00
Others		
Income from management and other services	30.65	22.14
Interest income (gross) [Tax deducted at source - Rs. 0.84 (2007: Rs. 2.19)]	19.30	17.23
Dividend income (gross) [Tax deducted at source - Rs. Nil (2007 : Rs. Nil)]	79.25	3.27
Profit on sale of investments	11.26	-
	140.46	42.64
Total	2,697.91	1,968.72
SCHEDULE 15 OTHER INCOME		
Income from investments- other than trade (gross) [Tax deducted at source - Rs. Nil (2007 : Rs. Nil)]	19.59	12.82
Liabilities/Provisions no longer required, written back	12.91	-
Gain on account of foreign exchange fluctuations (net)	15.80	0.40
Profit/(Loss) on sale of investments (net)	14.93	3.77
Miscellaneous income	6.52	1.34
Total	69.75	18.33
SCHEDULE 16 GENERATION AND OPERATING EXPENSES		
Consumption of fuel and lubricants	1,031.26	698.83
Operations and maintenance [net of claims relating to earlier years and warranty claims - Rs. 0.61 (2007 : Rs. 8.24) and includes stores and spare parts consumed Rs. 13.87 (2007 : Rs. 18.76)]	75.51	74.53
Cost of variation works	0.07	3.44
Airport operator fee	18.14	10.00
Cargo handling charges	14.24	10.23
Insurance	4.09	3.09
Technical consultancy fee	5.66	4.83
Salaries, allowances and benefits to employees	2.07	0.83
Electricity and water charges (net of recoveries of Rs. Nil (2007: Rs. 24.33))	23.86	22.65
Repairs and maintenance:		
Plant and machinery (net of claims)	0.35	8.67
Buildings	19.10	28.24
Others	18.56	1.37
Lease rentals [net of sub lease rentals - Rs. 0.28 (2007: Rs. 0.28)]	8.25	7.00
Others	8.51	10.69
Total	1,229.67	884.40

Schedules forming part of Consolidated Profit and Loss Account

for the year ended March 31, 2008

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
SCHEDULE 17 ADMINISTRATION AND OTHER EXPENSES		
Salaries, allowances and benefits to employees	82.60	49.63
Operation support cost paid to Airports Authority of India	108.05	77.79
Contribution to Provident and other funds	5.95	3.63
Staff welfare expenses	12.64	7.11
Rent	19.37	11.48
Repairs and maintenance		
Buildings	0.08	0.09
Others	0.76	0.42
Rates and taxes	3.65	3.54
Insurance	8.28	9.01
Consultancy and other professional charges	56.14	36.21
Directors' sitting fee	0.46	0.45
Electricity charges	1.62	1.95
Remuneration to auditors	1.03	0.57
Travelling and conveyance	37.01	34.90
Communication expenses	3.87	3.54
Advertisement expenses	22.46	0.84
Printing and Stationery	3.64	2.08
Provision for doubtful advances/ write off of claims and debts	17.52	4.97
Provision for diminution in value of investments	6.66	5.69
Donations	17.39	7.64
Bad Debts Written off	5.73	-
Loss on sale of fixed assets	0.68	-
Fixed Assets written off	-	0.13
Miscellaneous expenses	51.02	19.21
Less: Reimbursement of expenses	-	12.22
Total	466.61	268.66

SCHEDULE | 18 | INTEREST AND FINANCE CHARGES

Interest on term loans (net)	142.48	124.20
Interest - others	3.25	7.20
Bank/other finance charges/prepayment premium (net of reimbursement)	22.98	12.74
Total	168.71	144.14

Notes forming part of the Consolidated Accounts

Statement on Significant Accounting Policies and Notes to the Consolidated Accounts

SCHEDULE | 19 | NOTES

1. DESCRIPTION OF BUSINESS

GMR Infrastructure Limited ('GIL' or 'the Company') and its consolidated subsidiaries and associate (here in after 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 Green field 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 modernisation of Delhi Airport as a joint venture between the Group and Airport 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.

Urban Infrastructure

Certain entities of the Group are engaged in development of Special Economic Zones.

2. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include accounts of GMR Infrastructure Limited ('the Company') and its subsidiaries, associate and joint venture. 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, with the Generally Accepted Accounting Principles (GAAP) applicable in India and the provisions of the Indian 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:

Name of the Company	Relationship	Percentage of ownership interest (Directly and Indirectly)	
		March 31, 2008	March 31, 2007
GMR Energy Limited (GEL)	Subsidiary	99.99%	99.99%
GMR Power Corporation Private Limited (GPCPL)	Subsidiary	51.00%	51.00%
Vemagiri Power Generation Limited (VPGL)	Subsidiary	100.00%	100.00%
GMR (Badrinath) Hydro Power Generation Private Limited (GBHPL)	Subsidiary	100.00%	100.00%
GMR Hyderabad International Airport Limited (GHIAL)	Subsidiary	63.00%	63.00%
Delhi International Airport Private Limited (DIAL)	Subsidiary	50.10%	50.10%
Gateways for India Airports Private Limited (GFIAPL)	Subsidiary	86.49%	86.49%
Hyderabad Menzies Air Cargo Private Limited (HMACL)	Subsidiary	32.13%	32.13%
GMR Tuni Anakapalli Expressways Private Limited (GTAEPL)	Subsidiary	60.77%	49.01%
GMR Tamaram Tindivanam Expressways Private Limited (GTTEPL)	Subsidiary	60.77%	49.01%
GMR Ambala Chandigarh Expressways Private Limited (GACEPL)	Subsidiary	100.00%	100.00%
GMR Jadcherla Expressways Private Limited (GJEPL)	Subsidiary	100.00%	100.00%
GMR Pochanpalli Expressways Private Limited (GPEPL)	Subsidiary	100.00%	100.00%

Notes forming part of the Consolidated Accounts

SCHEDULE | 19 | NOTES (Contd.)

Name of the Company	Relationship	Percentage of ownership interest (Directly and Indirectly)	
		March 31, 2008	March 31, 2007
GMR Ulundurpet Expressways Private limited (GUEPL)	Subsidiary	100.00%	100.00%
GMR Highways Private Limited (GHPL)	Associate	50.00%	50.00%
GVL Investments Private Limited (GVL)	Subsidiary	100.00%	100.00%
GMR Mining and Energy Limited (GMEPL)	Subsidiary	89.00%	89.00%
GMR Krishnagiri SEZ Limited (GKSL)	Subsidiary	100.00%	0%
GMR Kamalanga Energy Limited (GKEL)	Subsidiary	100.00%	0%
Delhi Aerotropolis Private Limited (DAPL)	Subsidiary	100.00%	0%
Delhi Cargo Private Limited (DCPL)	Subsidiary	100.00%	0%
Hyderabad Airport Security Services Limited (HASSL)	Subsidiary	100.00%	0%
GMR Hyderabad Aerotropolis Private Limited (GHAPL)	Subsidiary	100.00%	0%
Himtal Hydro Power Company Private Limited, Nepal (HHPCPL)	Subsidiary	80.00%	0%
GMR Consulting Engineers Private Limited (GCEPL)	Subsidiary	100.00%	0%
GMR Energy Trading Limited (GETL)	Subsidiary	51.00%	0%
GMR Aviation Private Limited (GAPL)	Subsidiary	100.00%	0%
GMR Infrastructure (Mauritius) Limited (GIML)	Subsidiary	100.00%	0%
GMR Energy (Mauritius) Limited (GEML)	Subsidiary	100.00%	0%
GMR Infrastructure (Cyprus) Limited (GICL)	Subsidiary	100.00%	0%
GMR Infrastructure Overseas Sociedad Limitada (GIOSL)	Subsidiary	100.00%	0%
Istanbul Sabiha Gokcen Uluslarasi Havalimani Yatirim Yapum Ve Isletme Sirketi (SGIA)	Joint Venture	40%	0%

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 finalisation 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, when services are rendered and it is possible that an economic benefit will be received which can be quantified reliably. Revenue from Cargo Operations is recognised at the point of departure for exports and at the point when goods are cleared in case of imports.

Significant items of income and expenditure are recognised 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/capitalisation.

ii) Annual Fee/Concession 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.

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

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

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 capitalised 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.

Assets acquired under finance leases are depreciated on a straight line basis over the lease term or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.

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

a) Defined Contribution Plans

Contributions paid/payable to defined contribution plans comprising of provident fund and pension fund are charged on accrual basis.

The Company also has a defined contribution superannuation plan (under a scheme of Life Insurance Corporation of India) covering all its employees and contributions in respect of such scheme are charged on accrual basis in the Profit and Loss Account. The Company makes monthly contributions and has no further obligations under the plan beyond its contributions.

b) Defined Benefit Plan

Gratuity for employees is covered under a scheme of Life Insurance Corporation of India and contributions in respect of such scheme are recognised in the Profit and Loss Account. The liability as at the Balance Sheet date is provided for based on the actuarial valuation in accordance with the requirements of revised AS 15 as at the end of the year.

c) Other Long term employee benefits

Other Long term employee benefits comprise of leave encashment which is provided for based on the actuarial valuation carried out in accordance with revised AS 15 as at the end of the year.

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

d) Short term employee benefits

Short term employee benefits including accumulated compensated absences as at the Balance Sheet date are recognised as an expense as per Company's schemes based on the expected obligation on an undiscounted basis.

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 recognised in the financial statements.

In case of forward exchange contracts or any financial instruments i.e., in substance a forward exchange contract to hedge the foreign currency risk which is on account of firm commitment and/or is a highly probable forecast transaction, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract.

In respect of non-integral Foreign Operations, the assets and liabilities, both monetary and non-monetary are translated at the closing rates and the income and expenses are translated at the dates of the transactions and all the resulting exchange differences are accumulated in Foreign Exchange fluctuation reserve until the disposal of the investments.

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) Government Grants

Government grants in the nature of capital subsidy are treated as Capital Reserve.

xii) 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 realised.

Minimum Alternate tax (MAT) paid in accordance to the tax laws, which give rise to the future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

4. Notes To The Consolidated Accounts

i) A. Contingent Liabilities

(Rs. in crore)

Particulars	As at	As at
	March 31, 2008	March 31, 2007
Corporate guarantees	62.50	62.50
Stamp Duty Payable for registration	-	0.30
Matters relating to Income tax under dispute	3.24	0.92
Matters relating to Water cess under dispute	1.68	1.30
Matters relating to Custom Duty under dispute	4.60	14.74

B. In case of DIAL, the Airports Authority of India, w.e.f. June 1, 2007 has claimed service tax on the annual fee payable to them considering same as rental income from immovable property. DIAL has disputed the grounds of the levy as well its liability under provisions of the Operation, Management and Development Agreement (OMDA). As the matter is under dispute and pending with Hon'ble High Court of Delhi, the impact of the same, if any has not been considered.

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

ii) Capital Commitments

Particulars	(Rs. in crore)	
	As at March 31, 2008	As at March 31, 2007
Estimated value of contracts remaining to be executed on capital account, not provided for (net of advances)	5,528.93	8,095.03
Investment in equity shares of subsidiary companies	691.77	512.23
Investment in equity shares of joint venture entities	136.22	-

iii) Equity Shares

- A. During the year ended March 31, 2007, 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 were 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 November 26, 2007, 165,238,088 equity shares of face value of Rs. 2 each have been allotted to Qualified Institutional Buyers at a premium of Rs. 238 per share on December 12, 2007 and received an amount of Rs. 3,965.71 crore. The net proceeds after the issue expenses will be utilised towards capital expenditure for various projects under development (either directly or through our subsidiaries, joint ventures or affiliates), general corporate purposes including working capital & strategic initiatives and acquisitions in India and abroad. Pending utilisation for the purposes described above the funds have been invested in Mutual Funds and bonds.
- C. 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, 2008 are given below:

Particulars	(Rs. in crore)	
	March 31, 2008	March 31, 2007
Funds received		
Equity Share Capital	38.14	38.14
Share Premium (Refer Note (i) below)	756.78	756.78
Interest on delayed payment of call money	0.06	0.05
Less: Calls unpaid	0.02	0.08
Total	794.96	794.89
Utilisation of Funds		
Investment in Subsidiary Companies (including Share Application Money, pending allotment) - Refer Note (ii) below	509.95	220.65
Repayment of Unsecured Loans	55.00	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	155.86
Expenses incurred towards the IPO	64.59	62.96
Deposit with Bombay Stock Exchange (BSE)	3.00	3.00
Margin Money towards Bank Guarantee issued to BSE	6.54	6.54
Total Utilisation	794.94	504.01
Balance of unutilised monies out of IPO, details of which are given below:	0.02	290.88
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	0.02	0.30
Total	0.02	290.88

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 | NOTES (Contd.)

(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, 2008 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

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. 117.43 crore (2007: 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. 242.94 crore (2007: Rs.213.65 crore), following accounting policies/rates which are considered appropriate in each case.

(vii) Foreign Currency Transactions

The company has adopted the principle of Companies (Accounting Standards) Rules, 2006, towards accounting for exchange differences arising in respect of monies borrowed by the company in foreign currency for purchase of fixed assets from countries outside India for the period commencing from April 1, 2007. Consequently, an amount of Rs. 13.29 crore, being the exchange difference during this period, has been credited to Foreign Exchange Fluctuation Account in the Profit and Loss Account and such exchange fluctuation, prior to commencement of the said Rules, i.e. prior to April 1, 2007 had been included in the carrying amount of fixed assets.

(viii) 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. 256.36 crore (2007: 109.63 crore) towards 'negative grant' to NHAI which has been included in 'Expenditure during construction period, pending allocation (net)' in Schedule 6.

(ix) Sundry Debtors

In case of GPCPL, claims/counterclaims arising out of the Power Purchase Agreement and Land Lease Agreement in respect of the dues recoverable from Tamil Nadu Electricity Board (TNEB) on account of Sale of Energy including reimbursement towards Interest on Working Capital and Minimum Alternate Tax and payment of land lease rentals to TNEB respectively are pending settlement/reconciliation. The management is confident of recovering these amounts.

(x) Operating Income

In case of DIAL and GHIAL, security component of passenger service fees being in the nature of 'pass through', has not been considered as a part of the revenues. The related balance at the year end has been disclosed under the appropriate heads in the Balance Sheet.

(xi) Others

- A. In case of DIAL, a provision of Rs 25.00 crore has been made during the year towards estimated arrears that may be payable on account of the implementation of the 6th Pay Commission recommendations for the employees of Airport Authorities of India (AAI).
- B. Interest on Term Loans included in Schedule 18 is net of interest income amounting to Rs. 42.22 crore (2007: Rs. 42.04 crore)
- C. The power purchase agreement entered into by GEL with Karnataka Power Transmission Corporation Limited, by virtue of which, sales are currently being made to Bangalore Electricity Supply Company Limited (BESCOM) and Mangalore Electricity supply company Limited (MESCOM), will terminate in June 2008 and the company is in the process of exploring various alternate business opportunities for the power plant.
- D. GHIAL has declared commercial operations on March 23, 2008 and accordingly, the Runways, Buildings, Plant and Machinery etc have been capitalised as on that date. Out of the total 'Expenditure during construction period, pending allocation (net)' as at that date amounting to

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

Rs. 436.90 crore, an amount of Rs. 410.29 crore directly identifiable to the cost of construction has been apportioned over the cost of the fixed assets and the remaining amount of Rs. 26.61 crore has been charged to the Profit and Loss Account under the relevant heads of account (included in Schedule 16)

- E. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2008. 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.

- (xii) Effective April 1, 2007, the Company as adopted the Accounting Standard 15 (Revised) on "Employee benefits" issued by the Institute of Chartered Accountants of India. Pursuant to the adoption, the transitional obligation of the Company amounting to Rs. 0.51 crore has been adjusted against the opening balance of the revenue reserves.

Defined benefit plan

The following table sets forth the status of the Gratuity Plan of the Company and the amounts recognised in the Balance Sheet and Profit and Loss Account.

(Rs. in crore)

Particulars	Year ended March 31, 2008
Projected benefits obligation at the beginning of the year	2.41
Current service cost	1.18
Interest cost	0.19
Actuarial loss/(gain)	(0.62)
Benefits paid	0.28
Projected benefit obligation at the end of the year	2.87
Amounts recognised in the balance sheet	-
Projected benefit obligation at the end of the year	2.87
Fair value of plan assets at end of the year	3.30
Funded status of the plans -(asset)/liability	(0.42)
(Assets)/Liability recognised in the balance sheet	(0.42)
Cost for the year	
Current service cost	1.18
Interest cost	0.19
Expected return on plan assets	(0.13)
Net actuarial (gain)/loss recognised in the year	(0.62)
Net Cost	0.63
Assumptions	
Discount Rate	8.00%
Estimated rate of return on plan assets	8.00%
Expected rate of salary increase	6.00%

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

(xiii) Leases

A. Finance Lease

In case of GEL, finance lease comprise of IBM computer server. The lease has a primary period, which is fixed and non-cancelable. The company has an option to renew the lease for a further period of one year. The agreements provide for revision of lease rental in the event of changes in taxes, if any, leviable on the lease rentals. There are no exceptional/restrictive covenants in the lease agreements.

(Rs. in crore)

Particulars	Minimum Lease	Present Value of
	Payment	Minimum Lease
	As at	As at
	March 31, 2008	March 31, 2008
(i) Payable not later than 1 year	1.31	1.24
(ii) Payable later than 1 year and not later than 5 years	3.28	2.69
(iii) Payable later than 5 years	-	-
Total - (i)+(ii)+(iii) = (iv)	4.59	3.93
Less: Future finance charges - (v)	0.66	-
Present Value of Minimum Lease Payments (iv) - (v)	3.93	-

Note: This being the first year of disclosure, previous year figures have not been furnished

B. 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)

	Year ended	Year ended
	March 31, 2008	March 31, 2007
Lease Rentals under cancelable leases	28.50	21.91
Lease Rentals under non-cancelable leases	3.49	2.24
Obligations on non-cancelable leases:		
Not later than one year	-	3.49
Later than one year and not later than five years	-	-

(xiv) Earnings Per Share (EPS)

(Rs. in crore)

	Year ended	Year ended
	March 31, 2008	March 31, 2007
Nominal Value of Equity Shares (Rs. per Share) [Refer Note - (C) below]	2	2
Total number of Equity Shares outstanding at the beginning of the year	1,655,420,000	1,322,184,070
Add: Issue of Equity Shares on preferential basis on various dates [Refer Note (iii) (A) and above]	-	142,551,030
Add: Issue of Equity Shares through initial public offer [Refer Note (iii) (C) above]	-	190,684,900
Add: Issue of Equity Shares through Qualified Institutional Placement (QIP) (Refer Note (iii)(B) above)	165,238,088	-
Total number of Equity Shares outstanding at the end of the year	1,820,658,088	1,655,420,000
Weighted average number of Equity Shares outstanding at the end of the year	1,705,071,192	1,570,002,330
Net Profit after tax (Rs. in crore)	210.08	174.43
EPS - Basic and Diluted (Rs.)	1.23	1.11

Notes:

- As at March 31, 2008, Rs. 11,625 (2007: Rs. 50,125) 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.
- Since the company did not have any dilutive securities, the basic and diluted earnings per share are the same.
- Pursuant to the approval for the subdivision of the equity shares of the Company in the Annual General Meeting held on August 30, 2007, each equity share carrying a face value Rs. 10 each has been subdivided into 5 equity shares of Rs. 2 each on October 8, 2007, being the record date. Accordingly, the weighted average number of shares for both the current and corresponding previous periods has been adjusted to reflect such subdivision while calculating the earnings per share.

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

(xv) Deferred Tax

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

		(Rs. in crore)			
		2008		2007	
S. No	Particulars	Deferred tax Asset	Deferred tax liability	Deferred tax Asset	Deferred tax liability
1.	Depreciation	-	83.30	-	16.29
2.	Preliminary Expenses	0.32	-	0.41	-
3.	Other 43B disallowances	0.13	-	0.05	-
4.	Carry forward losses	40.35	-	1.38	-
	Total	40.80	83.30	1.84	16.29
	Deferred tax liability (net)	-	42.50	-	14.45

- 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.

(xvi) Provisions

(Rs. in crore)

Particulars	As at April 1, 2007	Provision made during the year	Amount used during the year	As at March 31, 2008
Provision for operations and maintenance	77.84	10.10	4.48	83.46
	(64.20)	(13.70)	(0.06)	(77.84)

Note: Previous year figures are mentioned in brackets.

(xvii) Segment Reporting:

- The segment report of GIL and its consolidated subsidiaries, associates and joint venture (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 predominantly 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 | NOTES (Contd.)

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

Sl. 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
		GMR Kamalanga Energy Limited
		Himtal Hydro Power Company Private Limited, Nepal
		GMR Energy (Mauritius) Limited
GMR Energy Trading 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.	Airport Infrastructure	GMR Hyderabad International Airport Limited
		Delhi International Airport private Limited
		Gateways for India Airports Private Limited
		Hyderabad Menzies Air Cargo Private Limited
		Delhi Cargo Private Limited
4.	Others	Istanbul Sabiha Gokcen Uluslarasi Havalimani Yatirim Yapum Ve Isletme Sirketi
		GMR Infrastructure Limited
		GVL Investments Private Limited
		GMR Aviation Private Limited
		GMR Krishnagiri SEZ Limited
		Delhi Aerotropolis Private Limited
		GMR Hyderabad Aerotropolis Private Limited
		GMR Consulting Engineers Private Limited
		GMR Infrastructure (Mauritius) Limited
		GMR Infrastructure (Cyprus) Limited
GMR Infrastructure Overseas Sociedad Limitada		
Hyderabad Airport Security Services Limited		

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

(Rs. in crore)

(xvi) (F) The details of Segment information are given below

Business Segments	Power		Roads		Airport Infrastructure		Others		Inter Segment		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue												
Revenue from Customers	1,541.20	1,194.90	139.70	143.18	473.42	316.02	140.46	42.64	-	-	2,294.78	1,696.74
Inter Segment Revenue	-	-	-	-	-	-	7.06	16.58	(7.06)	(16.58)	-	-
Total Revenues	1,541.20	1,194.90	139.70	143.18	473.42	316.02	147.52	59.22	(7.06)	(16.58)	2,294.78	1,696.74
Operating Expenses	1,107.49	773.30	12.60	20.10	104.65	94.50	8.43	-	(3.50)	(3.50)	1,229.67	884.40
Depreciation/Amortisation	117.44	86.48	44.26	43.98	11.89	3.90	4.92	0.20	-	-	178.51	134.56
Segment Operating Profit/(Loss)	316.27	335.12	82.84	79.10	356.88	217.61	134.17	59.02	(3.56)	(13.08)	886.60	677.77
Interest Income/(Expense) - net	(106.51)	(76.24)	(27.35)	(37.64)	(2.41)	(9.02)	(32.44)	(21.48)	0.24	0.24	(168.71)	(144.14)
Other Income/(Expense) - net	(45.09)	(72.22)	(13.45)	(11.21)	(326.11)	(155.83)	(15.77)	(7.57)	3.56	(3.50)	(396.86)	(250.33)
Profit / (Loss) before Tax	164.67	186.66	42.04	30.25	28.36	52.76	85.96	29.97	-	(16.34)	321.03	283.31
Taxation -												
Current Tax	17.17	17.72	4.75	3.38	-	-	4.13	3.02	-	-	26.05	24.12
Deferred Tax	-	-	-	-	29.00	14.44	(0.96)	(0.17)	-	-	28.04	14.27
Fringe Benefit Tax	1.28	1.33	0.11	0.15	2.74	1.52	0.16	0.15	-	-	4.29	3.15
Net Profit/(Loss) for the year	146.22	167.61	37.18	26.72	(3.38)	36.80	82.63	26.97	-	(16.34)	262.65	241.77
Other Information												
Segment Assets	2,602.94	2,720.86	2,463.72	1,641.79	7,115.54	1,967.91	6,879.37	1,510.20	(2,446.36)	(855.17)	16,015.21	6,985.60
Capital Expenditure	145.71	51.19	950.67	500.89	3,868.01	1,024.12	203.29	351.62	-	-	5,167.68	1,977.82
Depreciation / Amortisation	117.44	86.48	44.26	43.98	11.89	3.90	4.92	0.20	-	-	178.51	134.56
Segment Liabilities	1,485.52	1,786.67	1,997.33	1,117.53	5,324.30	1,386.43	621.64	215.38	(85.89)	(53.23)	9,342.90	4,452.78

Revenue from Customers in respect of Airports for the year ended March 31, 2008 is net of revenue share paid/payable to the concessionaire grantors, amounting to Rs. 403.13 crore (2007 - Rs. 271.98 crore)

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

(xviii) 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 (GHPL)
(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) Istanbul Sabiha Gokceken Ulsarasihavalimani Yatirim Yapim Ve Isletme Anonim Sirketi (SGIA)
(iii)	Enterprises where key managerial personnel and their relatives exercise significant influence.	GMR Varalakshmi Foundation (GVF)
(iv)	Fellow Subsidiary	GMR Industries Limited (GIDL) Raxa Security Services Limited (RSSL) GMR Properties Private Limited (GMR Properties) GMR Projects Private Limited (GMR Projects) GMR Highways Private Limited (GMR Highways) GMR Corporate Affairs Private Limited (GCAPL)
(v)	Key Management Personnel	Mr. G. M. Rao (Chairman) Mr. G. B. S. Raju (Managing Director) Mr. Kiran Kumar Grandhi (Director) Mr. Srinivas Bommidala (Director) Mr. B. V. N. Rao (Director)

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

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

Nature of transaction	(Rs. in crore)	
	2008	2007
Purchase of equity shares		
- Key Management Personnel	-	0.02
- Holding Company	0.99	399.33
Share Application Money paid and allotted		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	21.96	-
Share Application Money received and allotted		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	249.50	-
Share Application Money paid and refunded		
- Fellow Subsidiary	1.39	-
Share Application Money Received		
- Holding Company	-	-
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	314.60	115.10
Share application money refunded		
- Holding Company	0.06	-
Unsecured Loans taken and repaid		
- Holding Company	-	303.04
Unsecured Loans repaid		
- Holding Company	2.21	-
Interest on unsecured loans		
- Holding Company	0.02	0.56
Redemption of preference shares		
- Shareholder's having substantial interest/Enterprises in respect of which the reporting enterprises is an associate/ Joint Venture	47.82	-
Rent Paid		
- Fellow Subsidiary	12.84	-
Unsecured Loan taken		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	26.00	-
Operation and Maintenance Services		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	11.52	21.89
- Holding Company	-	3.67
Technical Service Fee		
- Holding Company	-	10.50
Remuneration		
- Key Management Personnel	20.45	19.33
Donations		

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

B. Summary of transactions with the above related parties is as follows: (Contd.)

Nature of transaction	(Rs. in crore)	
	2008	2007
Security Services Rendered		
- Fellow Subsidiary	7.39	3.37
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	20.30	22.47
Services Received		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	0.24	-
Fees received for services rendered		
- Fellow Subsidiary	15.50	-
Capital expenditure towards Engineering, Procurement and Construction contract (including mobilisation advance)		
- Fellow Subsidiary	783.23	317.84
Rent Deposit Paid		
- Fellow Subsidiary	6.19	18.79
Rent Deposit Refunded		
- Fellow Subsidiary	1.96	-
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	402.71	271.98
Operation Support Cost		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	83.65	77.79
Capital Work in Progress		
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	4.54	73.16
Airport Operators Agreement		
Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	28.01	45.72
Expenses for major maintenance		
- Holding Company	-	4.68

Notes forming part of the Consolidated Accounts

SCHEDULE 19 | NOTES (Contd.)

B. Summary of transactions with the above related parties is as follows: (Contd.)

Nature of transaction	(Rs. in crore)	
	2008	2007
Balance Payable /(Recoverable)		
- Holding Company	-	2.21
- Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/Joint Venture	50.31	52.83
- Fellow Subsidiary	(23.01)	(18.79)
- Fellow Subsidiary	(94.04)	145.85
- Key management personnel	8.53	8.42

Note:

- (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.

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

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Bangalore
Date : May 21, 2008

G.M.Rao Executive Chairman	G. B. S Raju Managing Director & Group CFO	A. S. Cherukupalli Company Secretary
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Consolidated Cash Flow Statement for the year ended March 31, 2008

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	321.03	283.31
Adjustments for :		
Depreciation	178.51	134.56
Provision for diminution in value of investments	6.66	5.69
Provisions no longer required, written back	(12.91)	-
(Profit)/Loss from sale of investments (net)	(14.93)	(3.77)
(Profit)/Loss from sale/write off of fixed assets (net)	0.68	0.13
Provision for doubtful advances/claims/debts etc.	17.52	4.97
Income from investments	(19.59)	(3.27)
Dividend Income	(79.25)	(12.82)
Interest income	(19.30)	(17.23)
Interest expenses	168.71	144.14
Bad Debts Written off	5.73	-
Operating Profit Before Working Capital Changes	552.86	535.71
Adjustments for:		
Inventories	(7.62)	5.46
(Increase)/Decrease in Trade and other receivables	(394.33)	(151.62)
Increase/(Decrease) in Trade Payables	617.32	337.81
Cash generated from operations	215.37	191.65
Direct taxes paid (including fringe benefit tax)	(61.15)	(53.08)
Net Cash from Operating Activities	707.08	674.28
B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		
(Purchase)/Sale of fixed assets (net)	(5,153.12)	(1,958.84)
(Purchase) / Sale of investments (net)	(4,628.91)	(8.70)
Income from investments	79.25	12.82
Interest received	23.21	11.22
Dividend received	19.59	3.27
Net Cash used in Investing Activities	(9,659.98)	(1,940.23)

Consolidated Cash Flow Statement (Contd.) for the year ended March 31, 2008

(Rs. in crore)

	Year ended March 31, 2008	Year ended March 31, 2007
C. CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		
Issue of equity shares (including share premium) (Refer Note 2 below)	3,902.10	1,268.42
Issue of common stock in consolidated entities (including share application money)	533.95	34.40
Proceeds/(Repayments) from/of Borrowings (Net)	4,270.41	735.40
Interest paid	(159.06)	(145.65)
Dividend paid (including dividend distribution tax)	(0.05)	(2.33)
Net Cash used in Financing Activities	8,547.35	1,890.24
Net increase/(decrease) in Cash and Cash Equivalents	(405.55)	624.29
Cash and Cash Equivalents as at April 1,	1,300.04	675.75
Cash and Cash Equivalents as at March 31,	894.49	1,300.04

Note:

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.
2. Represents amount received towards issue of Equity Shares under qualified institutional placement for the year ended March 31, 2008 and towards issue of equity shares under preferential allotment and initial public offer for the year ended March 31, 2007.
3. Previous periods figures have been regrouped and reclassified to conform to those of the current year.
4. Cash and cash equivalents as at March 31, 2008 include restricted Cash and Bank balance amounting to Rs. 6.54 (2007: Rs. 256.54).

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

For and on behalf of the Board of Directors

P. Rama Krishna
Partner
Membership Number 22795
For and on behalf of
Price Waterhouse
Chartered Accountants
Place : Bangalore
Date : May 21, 2008

G.M.Rao **G. B. S Raju** **A. S. Cherukupalli**
Executive Chairman Managing Director Company Secretary
& Group CFO