

Schedules forming part of The Consolidated Balance Sheet

(Rs. in millions)

Schedule 1	As at March 31, 2006	As at March 31, 2005
<b>Capital</b>		
<b>Authorised</b>		
400,000,000 (2005 - 175,000,000) Equity shares of Rs.10/- each	4,000.00	1,750.00
Nil (2005, - 3,000,000) Preference Shares of Rs.100/- each	–	300.00
	<b>4,000.00</b>	<b>2,050.00</b>
<b>Issued , Subscribed &amp; Paid up</b>		
264,436,814 (2005 -158,662,091) Equity shares of Rs.10/- each fully paid up	2,644.37	1,586.62
[Out of the above, 264,435,651 (2005-158,661,391) Equity shares fully paid up are held by GMR Holdings Private Limited, which is the holding company with effect from April 1, 2003)]		
[Out of the above 105,747,237 (2005 - Nil) Equity shares of Rs.10 each were allotted as fully paid by way of bonus shares by capitalising free reserves of the company.]		
<b>Total</b>	<b>2,644.37</b>	<b>1,586.62</b>

(Rs. in millions)

Schedule 2	As at March 31, 2006	As at March 31, 2005
<b>Reserves And Surplus</b>		
<b>Securities Premium Account</b>		
As at the commencement of the year	552.99	552.99
Less: Utilised for the issue of bonus shares	552.99	–
	–	<b>552.99</b>
<b>Capital Reserve on consolidation</b>		
As at the commencement of the year	768.70	768.70
Add: Additions for the year	679.18	–
	<b>1,447.88</b>	<b>768.70</b>
<b>Capital Redemption Reserve</b>		
As at the commencement of the year	185.00	185.00
Less: Utilised for the issue of bonus shares	185.00	–
	–	<b>185.00</b>
<b>Debenture Redemption Reserve</b>		
As at the commencement of the year	400.00	30.00
Additions during the year	37.50	370.00
	<b>437.50</b>	<b>400.00</b>
<b>Special Reserve</b> (under Section 45 IC of the Reserve Bank of India Act, 1934)		
As at the commencement of the year	220.44	220.44
Less: Transfer to General Reserve	220.44	–
	–	<b>220.44</b>
<b>General Reserve</b>		
As at the commencement of the year	–	–
Add: Transfer from Special Reserve	220.44	–
Less: Utilised for the issue of bonus shares	220.44	–
	–	–
<b>Profit and Loss Account</b>		
	<b>1,174.52</b>	<b>679.04</b>
<b>Total</b>	<b>3,059.90</b>	<b>2,806.17</b>



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(Rs. in millions)

Schedule 3	As at March 31, 2006	As at March 31, 2005
<b>Secured Loans</b>		
<b>Debentures</b>		
1,850,000 Secured Redeemable Non-Convertible Debentures of Rs. 100 each (Out of the above, debentures amounting to Rs.16,250,000 as at March 31, 2006 bear interest at the rate of 10% per annum (14% upto March 31, 2004) and debentures amounting to Rs.30,000,000 as at March 31, 2006 bear interest at the rate of 10% per annum (14% upto December 31, 2004). These debentures are redeemable in 20 equal quarterly instalments from October 1, 2002)  (The debentures are secured, on pari-passu basis, by 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.)	46.25	83.25
6,000 Secured Redeemable Non-Convertible Debentures of Rs.100,000 each (These debentures bear interest at the rate of 9% per annum (12% upto June 30, 2004). These debentures are redeemable in 10 equal semi annual instalments from December 1, 2003)  (Secured by the hypothecation of immovable property of the company, pledge and exclusive first charge on dividends to be declared / received by the Company on 48,000,000 (2005 - 48,000,000) shares held in GMR Energy Limited.)	300.00	420.00
1,200,000 Secured Redeemable Non-Convertible Debentures of Rs.100 each (These debentures bear interest at the rate of 10% per annum and are redeemable in four equal annual instalments from January 8, 2005)  (The debentures are secured, on pari-passu basis, by 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.)	60.00	90.00
650,000 Secured Redeemable Non-Convertible Debentures of Rs.100 each (These debentures bear interest at the rate of 10% per annum and are redeemable in four equal annual instalments from February 4, 2005)  (The debentures are secured, on pari-passu basis, by 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.)	32.50	48.75
1,250 Secured Redeemable Non-Convertible Debentures of Rs.1,000,000 each (These debentures bear interest at the rate of 8.9% per annum (7.9% upto September 30, 2005) and are redeemable in 10 annual instalments from September 2005.)  (The debentures are secured by immovable property of the company, pledge of 41,253,000 equity shares of the Company held by the promoter shareholders.)	1,100.00	1,250.00
250 Secured Redeemable Non-Convertible Debentures of Rs.1,000,000 each (These debentures bear interest at the rate of 8.71% per annum (7.9% upto September 30, 2005) and are redeemable in 10 annual instalments from September 2005.)  (The debentures are secured by immovable property of the company, pledge of 41,253,000 equity shares of the Company held by the promoter shareholders.)	220.00	250.00



Schedules forming part of The Consolidated Balance Sheet

(Rs. in millions)

Schedule 3 (Contd.)	As at March 31, 2006	As at March 31, 2005
<b>Term Loans</b>		
<b>Rupee loans</b>		
From Financial Institutions	2,682.48	2,041.75
(Out of the above Rs. 760 millions (2005 - Rs. 700 million) relating to GMR Energy Limited was secured by first charge on all the intangibles and cashflows, both present and future, in the form of dividends and management / consultancy fees from subsidiary companies and a joint mortgage of the immovable 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 GMR Energy Limited held by the Company)		
From Banks	15,040.67	7,395.22
<b>Foreign currency loans</b>		
From Financial Institutions	1,774.02	1,789.40
From Banks	2,403.75	2,435.24
(Loans of GMR Energy Limited 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. The rupee term loans from banks in the previous years were further secured by pledge of fixed deposit receipts)		
(Loans of GMR Power Corporation Private Limited (GPCPL) are secured by way of joint equitable mortgage by deposit of title deeds of the leasehold land of GPCPL and are also secured by parri-passu first charge on GPCPL's movables including movable plant and machinery, machinery spares and other movable assets (save and except book debts) both present and future subject to charges created / to be created in favour of GPCPL's bankers on inventories, book debts and such 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 GPCPL and pledge of 61,875,000 shares of GPCPL held by GMR Infrastructure Limited.)		
(Loans of Vemagiri Power Generation Limited (VPGL) are secured by way of pari-passu first charge over land, VPGL's moveable and other assets, both present and future. Further secured by the right, title, interest, benefits, claims and demands of VPGL in respect of the project agreements, executed / to be executed, insurance policies both present and future and all right, title, interest, benefits, claims and demand 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 shares of VPGL held by GMR Infrastructure Limited.)		
(Loans of GMR Tambaram Tindivanam Expressways Private Limited and GMR Tuni Anakapalli Expressways Private Limited 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.)		
(Loans of GHIAL are secured by mortgage of leasehold land and first charge on all moveable 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 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 Malaysia Airport Holdings Berhad.)		



## Schedules forming part of The Consolidated Balance Sheet

(Rs. in millions)

Schedule 3 (Contd.)	As at March 31, 2006	As at March 31, 2005
<b>From Others</b>	614.69	0.33
(The Loan from Housing and Urban Development Corporation Limited is secured by pledge of 100,000,000 equity shares of the Company held by the promoter shareholders and other third party securities. The loan on account of hire purchase is secured by way of hypothecation of the vehicle)		
(Loans of GHIAL are secured by mortgage of leasehold land and first charge on all moveable 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 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 Malaysia Airport Holdings Berhad.)		
<b>Supplier's Credit</b>	–	1,243.93
(Supplier's credit availed by GMR Power Corporation Private Limited (GPCPL) is guaranteed by Financial Institutions and Banks under Deferred Payment Guarantee Scheme. Deferred payment guarantees are secured by way of joint equitable mortgage by deposit of the title deeds of the leasehold land of GPCPL and are also secured by first charge on GPCPL's movables including movable plant and machinery, machinery spares and other movable assets (save and except book debts) both present and future ranking pari passu with other term loans, subject to charges created/to be created in favour of GPCPL'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 GPCPL).		
<b>Short Term Loans</b>		
<b>From Banks</b>		
<b>Cash Credit and Demand Loans</b>	1,164.12	989.33
(The facilities of GMR Energy Limited are secured by hypothecation of stocks and book debts, both present and future, and further to be 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).		
(The facilities of GMR Power Corporation Private Limited (GPCPL) are secured by way of charge on current assets, stocks of raw materials, stores and spares not relating to plant and machinery, bills receivable, book debts and other movables of the Company, both present and future. Cash credit availed from State Bank of India is further to be secured by way of second charge on the fixed assets of the company situated at the plant and is secured by the personal guarantees of some of the Directors of GPCPL)		
(The facilities of Hyderabad International Airport Limited is secured by corporate guarantee of the holding company, GMR Infrastructure Limited and pledge of certain equity shares in the holding company held by third parties)		
<b>Total</b>	<b>25,438.48</b>	<b>18,037.20</b>

(Rs. in millions)

Schedule 4	As at March 31, 2006	As at March 31, 2005
<b>Unsecured Loans</b>		
<b>Short Term</b>		
From Banks	1,060.50	837.24
Interest accrued and due	0.26	–
From Others	518.00	61.90
<b>Other than Short Term</b>		
From Others	2,199.41	218.22
<b>Total</b>	<b>3,778.17</b>	<b>1,117.36</b>



Schedules forming part of The Consolidated Balance Sheet

Schedule 5

Fixed Assets

Description	Gross Block						Depreciation				Net Block	
	As at March 31, 2005	Additions	Additions on inclusion of subsidiaries	Withdrawals	As at March 31, 2006	As at March 31, 2005	For the Year	On account of inclusion of Subsidiaries	On withdrawals	As at March 31, 2006	As at March 31, 2005	
Goodwill	209.57	-	-	-	209.57	-	-	-	-	-	209.57	
Land	111.88	16.58	-	-	128.46	-	-	-	-	-	111.88	
Carriage Ways	6,571.98	-	-	-	6,571.98	166.30	438.28	-	-	604.58	6,405.68	
Buildings	1,168.75	0.32	-	-	1,169.07	294.12	48.15	-	-	342.27	874.63	
Plant & Machinery	16,065.89	187.67	-	-	16,253.56	8,336.17	1,700.28	-	-	10,036.45	7,729.72	
Office Equipment	98.71	54.30	4.52	13.65	143.88	35.00	13.67	-	9.81	38.86	63.71	
Capitalised Software	2.29	5.63	1.75	-	9.67	1.17	1.40	-	-	2.57	1.12	
Leasehold Improvements	1.91	4.47	-	-	6.38	0.10	0.95	-	-	1.05	1.81	
Furniture & Fixtures	32.91	20.12	0.47	3.19	50.31	18.10	3.55	-	2.34	19.31	14.81	
Vehicles	10.95	6.00	-	0.95	16.00	5.72	1.33	-	0.95	6.10	5.23	
<b>Total</b>	<b>24,274.84</b>	<b>295.09</b>	<b>6.74</b>	<b>17.79</b>	<b>24,558.88</b>	<b>8,856.68</b>	<b>2,207.61</b>	-	<b>13.10</b>	<b>11,051.19</b>	<b>15,418.16</b>	
Capital work in progress (including capital advances)	-	-	-	-	-	-	-	-	-	-	7,058.02	
<b>Previous year</b>	<b>17,658.93</b>	<b>6,622.76</b>	-	<b>6.85</b>	<b>24,274.84</b>	<b>6,943.60</b>	<b>1,915.69</b>	-	<b>2.61</b>	<b>8,856.68</b>	<b>15,418.16</b>	

Notes:

1. Plant and machinery include foreign exchange fluctuations capitalised Rs. 187.62 millions (2005 - Rs. 172.74 millions)
2. Capital work in progress is net of foreign exchange fluctuation amounting to Rs. 32.87 millions (2005 - Rs. 7.25 millions)
3. Buildings of GMR Power Corporation Private Limited with a gross book value of Rs.1,073.97 millions (2005 - Rs.1,073.66 millions) are on leasehold land.
4. Depreciation for the period includes Rs. 7.90 millions 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.



## Schedules forming part of The Consolidated Balance Sheet

(Rs. in millions)

Schedule 6	As at March 31, 2006	As at March 31, 2005
<b>Expenditure During Construction Period, Pending Allocation (Net)</b>		
Fuel Cost (including transmission charges)	360.98	—
Operation and Maintenance	59.25	—
Salaries, allowances and benefits to employees	305.13	119.10
Contribution to provident fund and others	6.02	1.46
Staff welfare expenses	34.96	10.20
Pre-closing date development expenses	20.28	117.88
Advertisement	62.59	20.08
Rent	96.05	44.69
Repairs and Maintenance - Others	36.27	6.67
Rates and taxes	29.00	5.62
Insurance	82.34	28.09
Consultancy and professional charges	188.50	94.03
Director's Sitting Fees	0.66	0.24
Electricity Charges	84.12	7.70
Remuneration to auditors	3.06	1.02
Travelling and conveyance	170.32	91.40
Communication Expenses	28.86	12.93
Income Tax	10.02	4.40
Fringe Benefit Tax	9.40	—
Depreciation	13.46	5.57
Interest on term loans	602.66	93.93
Interest - others	7.87	7.87
Bank/ other finance charges	212.58	173.02
Loss on sale of fixed assets (net)	43.22	2.13
Miscellaneous expenses	63.64	75.92
Preliminary Expenses	0.20	—
	<b>2,531.44</b>	<b>923.95</b>
<b>Less: Other Income</b>		
Sale of Power	4.94	—
Interest received (gross)	37.50	23.03
[Tax deducted at source - Rs. 1.82 millions (2005 - Rs. 1.12 millions)]		
Income from investments - Other than trade (gross)	39.79	9.69
[Tax deducted at source - Rs. Nil (2005 - Nil)]		
Profit on sale of investments	1.32	0.45
Gain/(Loss) on account of foreign exchange fluctuations (net)	(3.02)	0.17
Miscellaneous income	0.87	0.28
	<b>2,450.04</b>	<b>890.33</b>



Schedules forming part of The Consolidated Balance Sheet

(Rs. in millions)

Schedule 7	As at March 31, 2006	As at March 31, 2005
<b>INVESTMENTS</b>		
<b>Long term</b>		
<b>Other than Trade - Quoted *</b>		
In equity shares of Rs.10/- each, fully paid up		
N E Electronics Limited	-	33.15
(Nil (2005 - 780,000 ) Equity Shares)		
Sangam India Limited	-	0.05
(Nil (2005 - 1,500) Equity Shares)		
Mega Corporation Limited		
(Nil (2005 - 2,088,500) equity shares of Re. 1/- each, fully paid up)	-	9.19
	-	42.39
Less: Provision for diminution in value of investments	-	-
(i)	-	<b>42.39</b>
<b>In shares of associate company</b>		
(At cost plus share of profits based on equity accounting)		
GMR Operations Private Limited	-	20.85
(Nil (2005 - 2,450) equity shares of Rs. 100/- each, fully paid up)		
Gateways for India Airports Private Limited	0.04	0.04
(3,784 (2005 - 3,784) Equity Shares of Rs.10/- each, fully paid up)		
<b>Others</b>		
In equity shares of Rs.10/- each, fully paid up		
Sri Varalakshmi Jute Twine Mills Private Limited	-	30.00
(NIL (2005 - 4,000,000 equity shares))		
In preference shares		
GVL Investments Private Limited	-	205.10
(Nil (2005 - 6%, 5,127,500) Preference shares of		
Rs. 10/- each, fully paid up)		
GMR Industries Limited	-	190.40
(Nil (2005 - 8%, 20,695,580) Preference shares		
of Rs. 11/- each, fully paid up)		
In bonds		
Industrial Development Bank of India - Growing Interest Bond	2.50	2.50
(500 Bonds (2005) of Rs.5,000 each, fully paid up)		
(ii)	<b>2.54</b>	<b>448.89</b>



## Schedules forming part of The Consolidated Balance Sheet

(Rs. in millions)

Schedule 7 (Contd.)	As at March 31, 2006	As at March 31, 2005
<b>Current</b>		
<b>Other than trade - unquoted</b>		
(Purchased during the year)		
Mutual Funds **		
Chola Mutual Fund-Liquid Institutional Plus Daily Dividend (126,615,675.93 units of Rs.10/- per unit)	1,270.06	
Canbank Mutual Fund-Liquid Fund-Institutional Dividend (1,702,419.31 units of Rs.10/- per unit)	17.09	
HDFC Mutual Fund Cash - Management Fund - Call Option Daily Dividend Reinvestment (680,980.78 units of Rs.10/- per unit)	7.10	
LIC Liquid Fund-Daily Dividend (2,140,839.45 units of Rs.10/- per unit)	23.44	
Kotak Mutual Fund - Institutional Premium Plan - Daily Dividend (7,899,088.39 units of Rs.10/- per unit)	96.59	
ING Vysya Liquid Fund Super Institutional - Daily Dividend Option (3,999,627.99 units of rs.10/- per unit)	40.01	
Can Liquid Fund - Institutional Daily Dividend Reinvest (3,162,010.85 units of Rs.10/- per unit)	31.75	
Kotak Mahindra Mutual Fund - Daily Dividend Option (2005-8,709,447.91 units of Rs.10/- per unit) (Sold during the year)		106.50
Kotak Mutual Fund-Liquid Institutional Growth (2005-11,466,029.49 units of Rs.10/- per unit ) (Sold during the year)		152.21
Chola Mutual Fund - Liquid Institutional Dividend Reinvestment Plan (39,466,853.06 (2005-21,301,830) units of Rs. 10/- per unit)	395.51	213.31
Kotak Liquid Institutional Premium Plan Daily Dividend (28,652,496.38 units of Rs.10/- each)	350.37	
Chola Liquid Fund - Cumulative Institutional Plus - Growth Option (2005-10,029,196.1 units of Rs.10/- per unit ) (Sold during the year)	-	135.00
Chola Mutual Fund - Liquid Institutional Plus Cumulative (2005-14,936,797.28 units of Rs.10/- per unit ) (Sold during the year)	-	201.00
(iii)	<b>2,231.92</b>	<b>808.02</b>
<b>Other than Trade - Quoted</b>		
<b>Government Securities***</b>		
6.35% Government of India 2020 (1,500,000 units of Rs. 100 per unit)	132.97	140.70
6.05% Government of India 2019 (500,000 units of Rs. 100 per unit)	43.31	45.67
5.59% Government of India 2016 (1,000,000 units of Rs. 100 per unit) (Sold during the year)	-	90.45
7.38% Government of India 2015 (500,000 units of Rs. 100 per unit) (Sold during the year)	-	52.65
7.38% Government of India 2015 (500,000 units of Rs. 100 per unit) (Sold during the year)	-	52.65
7.46% Government of India 2017 (500,000 units of Rs. 100 per unit)	40.08	52.38





Schedules forming part of The Consolidated Balance Sheet

(Rs. in millions)

Schedule 7 (Contd.)	As at March 31, 2006	As at March 31, 2005
<b>Equity Shares****</b>		
(Purchased during the year)		
Alstom Projects India Limited (13,092 (2005-1,000) shares of Rs.10 each, fully paid up)	14.40	0.17
Andhra Bank (337,728 shares of Rs.10 each,fully paid up)	27.31	–
Bank of Baroda (58,108 shares of Rs.10 each,fully paid up)	11.09	–
Bajaj Hindustan Limited (5,000 shares of Re.1 each, fully paid up)	0.99	–
Ballarpur Industries Limited (16,840 shares of Rs.10 each, fully paid up) (Sold during the year)	–	1.49
Birla Corporation Limited (3,000 shares of Rs.10 each, fully paid up) (Sold during the year)	–	0.54
Century Textiles & Industries Limited (5,000 shares of Rs.10 each, fully paid up)	1.59	–
Coromandal Fertilisers Limited (10,000 shares of Rs.2 each, fully paid up)	0.84	–
Cipla Limited (1,000 shares of Rs.2 each, fully paid up)	0.64	–
Dredging Corporation Limited (1,000 shares of Rs.10 each, fully paid up) (Sold during the year)	–	0.51
Elecon Engineering Limited (500 shares of Rs.10 each, fully paid up)	0.35	–
Engineers India Limited (715 shares of Rs.10 each, fully paid up) (Sold during the year)	–	0.23
EID Parry India Limited (7,732 shares of Rs.10 each, fully paid up) (Sold during the year)	–	3.06
Federal Bank Limited (5,000 shares of Rs.10 each, fully paid up)	0.89	–
Futura Polyester Limited (10,000 shares of Rs.10 each, fully paid up) (Sold during the year)	–	0.28
Great Eastern Shipping Co Limited (5,000 (2005-2,000) shares of Rs.10 each, fully paid up)	1.23	0.31
Gujarat Industries Limited (5,200 shares of Rs.10 each, fully paid up) (Sold during the year)	–	0.37
Hindalco Limited (3,303 shares of Re.1 each, fully paid up)	0.56	–
Hindustan Petroleum Corporation Limited (5,000 shares of Rs.10 each, fully paid up) (Sold during the year)	–	1.53
Indian Petrochemicals Corporation Limited		



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Schedule 7 (Contd.)	As at March 31, 2006	As at March 31, 2005
(5,000 shares of Rs.10 each, fully paid up) Indraprashta Gas Limited	1.21	–
(5,000 shares of Rs. 10 each, fully paid up) (Sold during the year) J K Paper Limited	–	0.49
(18,000 shares of Rs.10 each, fully paid up) (Sold during the year) Jindal Iron & Steel Co Limited	–	0.86
(3,000 shares of Rs. 2 each, fully paid up) (Sold during the year) Jain Irrigations Systems Limited	–	0.29
(10,000 shares of Rs.10 each, fully paid up) Kesoram Industries Limited	1.83	–
(10,000 shares of Rs.10 each, fully paid up) Mangalore Petrol Refinery Limited	1.97	–
(5,000 shares of Rs.10 each, fully paid up, sold during the year) Maruti Udyog Limited	–	0.24
(2,000 shares of Rs.5 each, fully paid up, sold during the year) Morgan Stanley	–	0.84
(25,000 shares of Rs.10 each, fully paid up) Neyveli lignite Corporation Limited	1.00	–
(50,000 shares of Rs.10 each, fully paid up) NIIT Technologies Limited	3.48	–
(5,000 shares of Rs.10 each, fully paid up) Punjab National Bank Limited	0.90	–
(1,000 shares of Rs.10 each, fully paid up) Ranbaxy Laboratories Limited	0.48	–
(2,500 shares of Rs.5 each, fully paid up) Ramco Systems Limited	1.04	–
(15,000 shares of Rs.10 each, fully paid up) Reliance Industries Limited	2.91	–
(25,000( 2005-5,000) shares of Rs.10 each, fully paid up) Reliance Natural Resource Limited	9.20	2.37
(20,000 shares of Rs.5 each, fully paid) Reliance Communication Ventures Limited	1.24	–
(20,000 shares of Rs.5 each, fully paid) Reliance Communication Ventures Limited	6.84	–
(2,500 shares of Rs.10 each, fully paid) Raymond Limited	0.77	–
(6,100 shares of Rs.10 each, fully paid up, sold during the year) State Bank Of India	–	1.92
(2,000 shares of Rs.10 each, fully paid up) SRF Limited	1.88	–
(5,000 shares of Rs.10 each, fully paid up) (Sold during the year)	–	0.42



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(Rs. in millions)

Schedule 7 (Contd.)	As at March 31, 2006	As at March 31, 2005
T N Newsprint Limited (10,000 shares of Rs.10 each, fully paid up) (Sold during the year)	-	0.59
TRF Limited (30,637 shares of Rs.10 each, fully paid up)	9.42	-
Tata Motors Limited (4,900 shares of Rs.10 each, fully paid up) (Sold during the year)	-	2.03
Tata Tele Services Limited (10,000 shares of Rs.10 each, fully paid up) (Sold during the year)	-	0.25
Tata Power Limited (2,000 shares of Rs.10 each, fully paid up) (Sold during the year)	-	0.72
Uniphos Enterprises Limited (23,174 shares of Rs.10 each, fully paid up)	0.69	-
UCO bank Limited (15,000 shares of Rs.10 each, fully paid up) (Sold during the year)	-	0.45
Vijaya Bank Limited (5,000 shares of Rs.10 each, fully paid up) (Sold during the year)	-	0.32
Webtel-SI-Energy Systems Limited (7,609 shares of Rs.10 each, fully paid up)	1.40	-
Wockhardt Limited (2,000 shares of Rs.5 each, fully paid up) (Sold during the year)	-	0.71
(iv)	<b>322.52</b>	<b>455.49</b>
<b>Total (i)+(ii)+(iii)+(iv)</b>	<b>2,556.98</b>	<b>1,754.79</b>

Notes:

- \* Aggregate Market value of long term equity shares - Rs. Nil (2005 - Rs. 91.99)
- \*\* Aggregate Net Asset Value of Mutual Funds - Rs. 2,232.22 (2005 - Rs.808.89)
- \*\*\* Aggregate Market value of Government securities as at March 31, 2006 - Rs. 216.36 (2005 - Rs. 434.50)
- \*\*\*\* Aggregate Market Value of short term quoted equity shares - Rs. 120.90 (2005 - Rs.22.67)

(Rs. in millions)

Schedule 8	As at March 31, 2006	As at March 31, 2005
<b>INVENTORIES</b>		
Stores and spares	177.70	191.10
Raw Materials	180.94	115.20
<b>Total</b>	<b>358.64</b>	<b>306.30</b>



## Schedules forming part of The Consolidated Balance Sheet

(Rs. in millions)

Schedule 9	As at March 31, 2006	As at March 31, 2005
<b>SUNDRY DEBTORS</b> (Trade, unless otherwise stated)		
Debts outstanding for a period exceeding six months:		
Secured - considered good	320.70	217.42
Unsecured - considered doubtful	127.81	-
	<b>448.51</b>	<b>217.42</b>
Other debts:		
Secured - considered good	1,552.55	976.11
Unsecured - considered good*	505.54	621.88
Unsecured - other than trade - considered good	54.55	16.90
	<b>2,112.64</b>	<b>1,614.89</b>
Less Provision for doubtful debts	127.81	-
<b>Total</b>	<b>2,433.34</b>	<b>1,832.31</b>

\* includes unbilled revenue amounting to Rs.545.88 millions (2005: Rs.611.47 millions)

(Rs. in millions)

Schedule 10	As at March 31, 2006	As at March 31, 2005
<b>CASH AND BANK BALANCES</b>		
Cash and Cheques on hand	1.21	83.97
Balances with scheduled banks		
- On Current accounts	314.56	687.22
- On Deposit accounts	6,385.78	3,695.52
- On Margin Money*	52.66	42.72
<b>Total</b>	<b>6,754.21</b>	<b>4,509.43</b>

\*The margin money deposits are towards letters of credit and Bank Guarantees issued by the bankers on behalf of the Company.

(Rs. in millions)

Schedule 11	As at March 31, 2006	As at March 31, 2005
<b>OTHER CURRENT ASSETS</b>		
Interest accrued but not due on deposits	31.06	32.63
Claims receivable	93.39	-
Grant receivable from authorities	716.90	-
Dividend receivable	-	-
<b>Total</b>	<b>841.35</b>	<b>32.63</b>



Schedules forming part of The Consolidated Balance Sheet

(Rs. in millions)

Schedule 12	As at March 31, 2006	As at March 31, 2005
<b>LOANS AND ADVANCES</b>		
(Unsecured and considered good, unless otherwise stated )		
Advance towards share application money	112.46	1.13
Advances recoverable in cash or in kind or for value to be received		
- considered good	716.05	414.39
- considered doubtful	28.67	160.03
Deposit with government authorities	131.00	22.67
Advance tax (net of provision)	91.95	69.44
	<b>1,080.13</b>	<b>667.66</b>
Less: Provision for doubtful advances	28.67	160.03
<b>Total</b>	<b>1,051.46</b>	<b>507.63</b>

(Rs. in millions)

Schedule 13	As at March 31, 2006	As at March 31, 2005
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a) Liabilities</b>		
Sundry Creditors		
Dues to small scale industrial undertakings	-	-
Dues to other than small scale industrial undertakings	3,685.70	3,840.98
	<b>3,685.70</b>	<b>3,840.98</b>
Book overdraft	29.02	32.53
Interest accrued but not due	24.68	42.45
Other liabilities	119.83	176.82
<b>Sub Total</b>	<b>3,859.23</b>	<b>4,092.78</b>
<b>b) Provisions</b>		
Proposed dividend	-	-
Dividend distribution tax	73.17	-
Provision for employee benefits	16.67	9.12
Provision for Operations and Maintenance (net of advances)	642.00	483.68
Provision against claims recoverable	64.92	64.92
<b>Sub Total</b>	<b>796.76</b>	<b>557.72</b>
<b>Total</b>	<b>4,655.99</b>	<b>4,650.50</b>

(Rs. in millions)

Schedule 14	As at March 31, 2006	As at March 31, 2005
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
Preliminary expenses	0.03	0.16
<b>Total</b>	<b>0.03</b>	<b>0.16</b>



## Schedules forming part of The Consolidated Profit And Loss Account

(Rs. in millions)

Schedule 15	For the year ended March 31, 2006	For the year ended March 31, 2005
<b>SALES AND OPERATING INCOME</b>		
Income from sale of electrical energy	9,196.36	9,207.98
Less: Prompt Payment Rebate	163.81	152.93
	<b>9,032.55</b>	<b>9,055.05</b>
Annuity income	1,392.45	625.51
Income from variation works	111.85	244.07
Income from management and other services	12.50	1.42
Dividend received (gross)	57.92	0.63
[Tax deducted at source - Rs. Nil (2005-Rs. Nil)]		
Profit on sale of investments	(17.69)	2.42
<b>Total</b>	<b>10,589.58</b>	<b>9,929.10</b>

(Rs. in millions)

Schedule 16	For the year ended March 31, 2006	For the year ended March 31, 2005
<b>OTHER INCOME</b>		
Interest received on deposits, debts, loans, etc. (gross)	264.18	179.05
[Tax deducted at source - Rs. 24.60 Millions (2005: Rs.30.27 Millions)]		
Income from investments- other than trade (gross)	36.36	7.27
[Tax deducted at source - Rs. Nil (2005- Rs. Nil)]		
Liabilities/Provisions no longer required, written back	1.06	25.88
Claims Received	-	70.00
Gain/(loss) on account of foreign exchange fluctuations (net)	0.47	(9.47)
Provision for diminution in value of investments written back		11.35
Miscellaneous income	13.06	1.35
<b>Total</b>	<b>315.13</b>	<b>285.43</b>

(Rs. in millions)

Schedule 17	For the year ended March 31, 2006	For the year ended March 31, 2005
<b>GENERATION AND OPERATING EXPENSES</b>		
Consumption of fuel and lubricants	4,080.75	4,064.92
Operations and Maintenance	568.78	561.58
[net of warranty and other claims - Rs. 31.11 millions (2005- Rs. Nil) and includes stores and spare parts consumed Rs.162.2 Millions (2005: Rs. 77.85 Millions)]		
Cost of variation works	102.06	232.51
Technical consultancy fee	102.30	97.09
Salaries, allowances and benefits to employees	5.71	5.59
Water charges	1.46	3.35
Repairs and maintenance:		
Plant and machinery (net of claims)	20.44	28.26
Buildings	54.54	18.43
Others	2.38	3.02
Land lease rentals	119.42	119.47
[net of sub lease rentals - Rs. 2.81 Millions (2005 -Rs Nil)]		
<b>Total</b>	<b>5,057.84</b>	<b>5,134.22</b>



Schedules forming part of The Consolidated Profit And Loss Account

(Rs. in millions)

Schedule 18	For the year ended March 31, 2006	For the year ended March 31, 2005
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Salaries, allowances and benefits to employees	294.19	218.03
Contribution to Provident and other funds	13.24	12.54
Staff welfare expenses	9.13	9.29
Rent	52.32	49.75
Repairs & Maintenance		
- Buildings	0.74	1.04
- Others	5.20	5.34
Rates and Taxes	17.35	5.46
Insurance	81.96	83.88
Consultancy and other professional charges	105.88	77.63
Directors' sitting fee	1.09	0.82
Electricity charges	3.22	1.82
Remuneration to Auditors	2.95	2.11
Green belt maintenance	1.61	6.32
Traveling and conveyance	82.97	29.09
Communication expenses	17.53	10.22
Provision for doubtful advances/ Write off of claims and debts	127.81	160.03
Advances written off	28.68	-
Loss on sale of fixed assets	(0.11)	27.53
Fixed Assets written off	4.65	-
Provision for diminution in value of investments	-	-
Miscellaneous Expenses	177.83	157.31
Less: Reimbursement of expenses		-
<b>Total</b>	<b>1,028.24</b>	<b>858.21</b>

(Rs. in millions)

Schedule 19	For the year ended March 31, 2006	For the year ended March 31, 2005
<b>INTEREST AND FINANCE CHARGES</b>		
Interest on term loans	1,257.06	976.10
Interest - Others	29.63	54.32
Guarantee Commission	23.55	33.73
Bank/other finance charges/prepayment premium (net of reimbursement)	247.53	65.00
<b>Total</b>	<b>1,557.77</b>	<b>1,129.15</b>



## Schedule 20

### 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 associates (hereinafter collectively referred to as Group) are 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 MOU basis or on bid basis.

##### Airport business

The Group is developing 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.

##### 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:





**Schedule 20 (Contd.)**

**Subsidiaries/Associates of GIL**

Sl. No.	Name of the Company	Relationship	Percentage of ownership interest	
			March 31, 2006	March 31, 2005
1	GMR Energy Limited (GEL)	Subsidiary	84.90%	84.90%
2	GMR Hyderabad International Airport Limited (GHIAL)	Subsidiary	63.00%	63.00%
3	GMR Tuni Anakapalli Expressways Private Limited (GTAEPL)	Subsidiary	43.12%	29.92%
4	GMR Tambaram Tindivanam Expressways Private Limited (GTTEPL)	Subsidiary	43.12%	29.92%
5	Vemagiri Power Generation Limited (VPGL)	Subsidiary	–	–
6	GMR Power Corporation Private Limited (GPCPL)	Subsidiary	–	–
7	GMR Jadcherla Expressways Private Limited (GJEPL)	Subsidiary	59.49%	–
8	GMR Pochanpalli Expressways Private Limited (GPEPL)	Subsidiary	59.49%	–
9	GMR Operations Private Limited (GOPL)	Associate	–	49.00%
10	Gateways for India Airports Private Limited (GFIAPL)	Associate	37.00%	37.00%

**Subsidiaries of GEL**

Sl. No.	Name of the Company	Relationship	Percentage of ownership interest	
			March 31, 2006	March 31, 2005
1	VPGL	Subsidiary	100.00%	100.00%
2	GPCPL	Subsidiary	51.00%	51.00%
3	GMR Mining and Energy Limited (GMEPL)	Subsidiary	89.00%	–
4	GMR Ambala Chandigarh Expressways Private Limited (GACEPL)	Subsidiary	51%	–

**3 The significant accounting policies are as follows:**

**(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, shall be 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.

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 will be dealt with at appropriate time for recovery/capitalization.

**(ii) 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 & 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.



## Schedule 20 (Contd.)

### (iii) 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.

In case of GTAEPL and GTTEPL, all costs incurred to construct, widen and rehabilitate the respective expressways have been capitalised as Carriage Ways.

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.

### (iv) DEPRECIATION

Depreciation is provided on straight line method at the rates specified under Schedule XIV to the Companies Act, 1956 or at rates based on estimated useful lives whichever is higher 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.

In respect of GEL, the Plant & Machinery and Buildings (except temporary structures, which are charged off at 100%) at project site are depreciated up to 95% of their cost on straight-line method over 7 years i.e. the term of Power Purchase Agreement.

In case of GPCPL and VPGL, depreciation is provided on straight-line method at the rates and in the manner specified in Government of India notification S.O 266 (E) dated March 29, 1994 issued under the provisions of the Electricity (Supply) Act, 1948 (repealed), as applicable to electricity generating companies or as per the rates specified under Schedule XIV to the Companies Act, 1956, whichever is higher.

In case of GTTEPL and GTAEPL, depreciation on Fixed Assets other than Carriage Ways is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. The cost of carriage ways which is in the nature of an intangible asset, is amortised over the period of the Concessionaire agreement with NHAI i.e 15.09 years and 14.88 years respectively.

### (v) 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.

### (vi) 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.

### (vii) RETIREMENT BENEFITS

Retirement benefits are accounted for on accrual basis with contributions to recognise funds such as Provident Fund charged against revenue each year. Liability for gratuity and superannuation is funded through a scheme administered by an insurer. Provision for gratuity is made at the year end based on the actuarial valuation. Liability on account of accumulated leave is provided on accrual basis.



## Schedule 20 (Contd.)

### (viii) FOREIGN CURRENCY TRANSACTIONS

All foreign currency transactions are accounted for at the exchange rates prevailing on the date of such transactions. Current assets and current 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.

### (ix) 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.

### (x) 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 enacted tax rate. 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 Financial Statements of the Company and its subsidiaries and associate:

### (i) Contingent Liabilities

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005
Bank guarantees outstanding	6,070.67	512.50
Corporate guarantees	2,759.58	1,229.10
Performance Guarantees	-	150.80
Stamp Duty Payable for registration	2.99	2.99
Letters of Credit Outstanding	-	-
Income tax matters	-	5.35
Claims against the company not acknowledged as debts	-	0.20
Arrears of dividend on cumulative preference shares of GTAEPL and GTTEPL	240.43	66.90

\* A corporate guarantee has been given by the Company to the consortium lenders of the road projects undertaken by GTTEPL and GTAEPL for any cost overrun beyond the estimated project cost (up to the date of commercial operations of GTTEPL and GTAEPL), any increase in operations and maintenance cost beyond the budgeted base cost and to cover any shortfall in the amount payable to NHAI in respect of the facility in the event of termination due to borrowers default as per the terms of the concession agreement.

(ii) The Department of Mines and Geology, Government of Andhra Pradesh (DOM&G) has raised demand notices on GTAEPL levying seigniorage fee amounting to Rs. 157.83 millions (including penalty). An appeal has been filed by GTAEPL and the Engineering Procurement and Construction (EPC) contractor, jointly, with the DOM&G against such demand notices. Pending settlement/finalisation of this matter, no effect has been considered in these financial statements. In terms of the EPC contract, any liability arising on crystallization of such matter will be borne by the EPC contractor.



## Schedule 20 (Contd.)

## (iii) Capital Commitments

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005
Estimated value of contracts remaining to be executed on capital account, not provided for	8,982.09	3,656.49
Investment in equity shares of subsidiary company	2,077.15	1,109.85

## (iv) Equity Shares

During the year ended March 31, 2006, the Company has issued 105,774,723 bonus shares to the shareholders in the ratio of two shares for every three shares held by them. Accordingly, the Company has utilised the balances lying in Share Premium, Capital Redemption Reserve, General Reserve and the Profit and Loss Account (to the extent required) for the purpose of the bonus issue.

## (v) Preference Shares

- a) During the year 2004-05, GIL has redeemed 1,850,000 fully paid up 13% Optionally Convertible Cumulative Preference Shares of Rs. 100/- each at par aggregating to Rs. 185 millions.

## (vi) Reserves and Surplus

- a) Consequent to the exemption obtained from compliance with regulations applicable to Non Banking Financial Companies, the company has transferred the balance in Special Reserve created under section 451C of the Reserve Bank of India Act, 1934 amounting to Rs.220,441,300 to General Reserve.

GHAL has received an amount of Rs. 353.10 millions during the year ended March 31, 2006 from Government of Andhra Pradesh towards Advance Development Fund Grant, out of a total grant of Rs. 1,070.00 millions, 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.

## (vii) Secured Loans

In case of GTTEPL and GTAEPL, the Secured Loans as at March 31, 2006 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.

## (viii) Fixed Assets

- a) 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, 2006 includes Rs.4,776.92 million representing Boundary Wall, Site Preparation Works and progress on passenger terminal building and airside landside works on such Leasehold Land.
- b) During 2003-04, GEL has exercised its option to purchase 33.41 acres of land from Karnataka Industrial Area Development Board (KIADB) covered under the Lease cum Sale Agreement during the year. Consequently, the advances paid to KIADB for acquisition of land and the deferred revenue expenditure (including amounts amortised in the earlier years) pertaining to land development have been capitalised.

## (ix) Investments

- a) GIL, GEL and GPCPL, holding equity and preference shares in their respective subsidiaries, have pledged certain of such shares as security towards borrowings of the investee companies as at March 31, 2006, and March 31, 2005. As such investments do not form part of these consolidated financial statements (on account of elimination during consolidation), details of the shares pledged have not been presented.

## (x) Sundry Debtors

- a) In case of GPCPL, the amounts due from Tamil Nadu Electricity Board are subject to confirmation.



## Schedule 20 (Contd.)

### (xi) Loans and Advances

- a) Loans and advances include share application money given to group companies, pending allotment.

### (xii) Foreign Currency Transactions

- a) GIL had entered into dollar denominated currency swap contracts during the year 2004-05 for the part of amounts borrowed and interest thereon. These swap contracts involve exchange of principal amounts aggregating to Rs. 650 millions as at March 31, 2005 respectively.

### (xiii) Operating Income

- a) Income from dividends and profit on sale of investments are treated as operating incomes as the main activities of GIL involve investments.
- b) In case of GEL, the Government of Karnataka has vide its order dated 10th May, 2005 directed that the Electricity Supply Companies (ESCOM's) will purchase power from the various electricity generating companies and Karnataka Power Transmission Corporation Limited (KPTCL) will not trade in power.

### (xiv) Operations and Maintenance Expenses

- a) Expenses incurred by GEL and GPCPL as per the terms of the Operations and Maintenance contract which mainly represent repairs and maintenance, due to the composite nature of the contract have been grouped and disclosed under operations and maintenance expenses.
- b) In case of GPCPL, Tamil Nadu Government vide a letter dated April 29, 2003, requested Tamil Nadu Electricity Board ('TNEB') to revise the land lease agreement entered into by TNEB with the Company, at the rates specified. GPCPL is awaiting necessary intimation from TNEB in this regard and accordingly, adjustments if any, that may arise on this account will be dealt with in the financial statements on receipt of such intimation.

### (xv) Others

- a) GHIAL, GACEPL, GJEPL and GPEPL are in construction stage and VPGL has started trial run generation/testing of equipments. Consequently, no Profit and Loss Account has been drawn up for these Companies. All expenditure incurred (net of income earned) during the construction stage are grouped and disclosed under expenditure during construction period, pending allocation (net).
- b) VPGL has not commenced commercial operations. Claims/counterclaims, if any, arising out of the project related contracts including Power Purchase Agreement and Engineering, Procurement and Construction contracts, on account of delays or any other reasons, have not been reflected in the financial statements, pending settlements/negotiations with the concerned parties.
- c) GTTEPL and GTAEPL have declared commercial operations on October 11, 2004 and December 24, 2004. Accordingly, the profit and loss account for these companies for the year ended March 31, 2005 have been drawn up from that date.
- d) GFIAPL, an associate of GIL, has been incorporated to build, own and operate Airports & Airport Infrastructure, Airlines and other Infrastructure facilities. GIL, GVL Investments Private Limited, Fraport AG Frankfurt Airport Services Worldwide and India Development Fund are the shareholders of the Company. The company has incurred a total expenditure of Rs. 295.75 millions towards bids for restructuring and modernization of the Mumbai and Delhi Airports and pre takeover expenditure as per the financial statements as at March 31, 2006. Out of the above, expenses incurred subsequent to the results of the bid would be reimbursed by the Special Purpose Vehicle formed for taking up the project and those expenses incurred prior to that date would be reimbursed to GFIAPL by certain shareholders of the Company and the holding company of GIL. Consequently, no Profit and Loss Account has been drawn up for GFIAPL.

### (xvi) Operating Leases

The consolidated entities have entered into certain lease agreements. An amount of Rs.52.32 millions (2005 - Rs.49.75 millions) paid under such agreements has been disclosed as 'Rent' under Administration and Other Expenses in the Consolidated Profit and Loss Account. These agreements are cancelable in nature.



**Schedule 20 (Contd.)****(xvii) Earnings Per Share (EPS)**

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005
Net Profit after Tax (Rs. in millions)	705.49	690.47
Preference Dividend (including tax thereon)	-	17.51
Net Profit after tax - for Basic EPS	705.49	672.96
Effect of Dilutive instruments	-	-
Net Profit after tax - for Diluted EPS	705.49	672.96
Weighted Average number of shares for Basic EPS	264,436,814	264,436,814
Weighted Average number of shares for Diluted EPS	264,436,814	264,436,814
Earning Per Share - Basic (Rs.)	2.67	2.54
Earning Per Share - Diluted - (Rs.)	2.67	2.54

**Calculation of weighted average no of shares outstanding during the year**

(Rs. in millions)

Particulars	As at March 31, 2006	As at March 31, 2005
Nominal value of equity shares - (Rs.)	10	10
Total number of equity shares at the beginning of the year - Rs. 10 per share paid up	158,662,091	158,662,091
Equity shares issued during the year:	105,774,723	-
Total equity shares at the end of the year	264,436,814	158,662,091
Bonus Equity Shares issued (Refer Note 1 below)	-	105,774,723
Weighted Average number of Equity shares for Basic EPS	264,436,814	264,436,814
Potential Equity Shares - Convertible Preference Shares issued on (Note 2)	-	-
Weighted Average number of Equity shares outstanding during the year - Considered for Diluted EPS	264,436,814	264,436,814

**Notes**

- On September 30, 2005, the company has issued 105,774,709 bonus shares to the shareholders in the ratio of two shares for every three shares held by them. Since the bonus issue is an issue without consideration, the issue is treated as if it had occurred prior to the beginning of the year 2005, the earliest period reported.
- Share application money as on March 31, 2005, which has been refunded subsequently have not been considered for calculation of diluted Earning Per Share.

**(xviii) Deferred Tax**

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

(Rs. in millions)

Particulars	As at 2006	As at 2005
Miscellaneous expenditure (to the extent not written off)	(0.21)	(0.28)
Depreciation	2.22	2.89
Leave Encashment	(0.21)	-

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. In case of GPCPL, as a result of change in depreciation rates under the Income Tax Act, 1961, during the year 2004-2005, all the timing differences as at March 31, 2005 are reversing during the tax holiday period of the Company under the provisions of Section 80-IA of the Income Tax Act, 1961. Accordingly, the opening accumulated deferred tax liability of Rs. 67.77 millions has been reversed during the year. In case of GEL, GTAEPL and GTTEPL, 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. Consequently, deferred tax has not been recognised in these financial statements.



**Schedule 20 (Contd.)**

**(xix) Provisions**

(Rs. in millions)

Sl. No.	Particulars	As at April 1, 2005	Provision made during the year	Amount used during the year	As at March 31, 2006
a)	Provision against claims recoverable	64.92 (57.26)	— (7.66)	— (-)	64.92 (64.92)
b)	Provision for operations and maintenance (Note 1 below)	483.68 (335.78)	178.89 (240.76)	20.57 (92.86)	642.00 (483.68)

**Notes:**

1. Amounts provided during the year include transfers from sundry creditors on account of change in terms of the agreement.
2. Previous year figures are mentioned in brackets.

**(xx) Segment Reporting:**

- a) 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.
- b) 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.
- c) The Group's activities are restricted within India. The conditions prevailing within India being predominantly uniform, no separate geographical segment disclosure is considered necessary.
- d) For the purpose of reporting, business segments are primary segments and the geographic segment is a secondary segment.
- e) The various business segments comprise of the following companies:

S.No.	Segment	Name of the Company
1.	Power	1. GMR Energy Limited 2. GMR Power Corporation Private Limited 3. Vemagiri Power Generation Limited 4. GMR Mining and Energy Limited
2.	Roads	1. GMR Tuni Anakapalli Expressways Private Limited and 2. GMR Tambaram Tindivanam Expressways Private Limited 3. GMR Ambala Chandigarh Expressways Private Limited 4. GMR Jadcherla Expressways Private Limited 5. GMR Pochanpalli Expressways Private Limited
3.	Airport Infrastructure	1. GMR Hyderabad International Airport Limited (formerly Hyderabad International Airport Limited)
4.	Others	1. GMR Infrastructure Limited



### Schedule 20 Contd.

5. The details of Segment information are given below:

(Rs. in millions)

Business Segments	Power		Roads		Aviation		Others		Inter Segment		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue												
Revenue from Customers	9,032.55	9,057.22	1,504.30	869.57	-	-	52.73	4.48	-	-	10,589.58	9,931.27
Inter Segment Revenue	-	-	-	-	-	-	521.70	477.54	(521.70)	(477.54)	-	-
Total Revenues	9,032.55	9,057.22	1,504.30	869.57	-	-	574.43	482.02	(521.70)	(477.54)	10,589.58	9,931.27
Operating Expenses	4,779.25	4,849.75	228.59	284.47	-	-	-	-	(50)	-	5,057.84	5,134.22
Depreciation	1,758.54	1,742.62	439.00	166.48	-	-	2.17	2.55	-	-	2,199.71	1,911.65
Segmental Operating Profit/(Loss)	<b>2,494.76</b>	<b>2,464.85</b>	<b>836.71</b>	<b>418.62</b>	-	-	<b>572.26</b>	<b>479.47</b>	<b>(471.70)</b>	<b>(477.54)</b>	<b>3,332.03</b>	<b>2,885.40</b>
Interest Income/(expense), net	(367.93)	(430.62)	(447.28)	(201.17)	-	-	(180.11)	(219.59)	-	-	(995.32)	(851.38)
Other income/(expense), net	(849.71)	(782.97)	(319.59)	(36.69)	-	-	(37.09)	(7.14)	(69.17)	(33.80)	(1,275.56)	(860.61)
Profit/(Loss) before tax	<b>1,277.12</b>	<b>1,251.26</b>	<b>69.84</b>	<b>180.75</b>	-	-	<b>355.06</b>	<b>252.74</b>	<b>(540.87)</b>	<b>(511.34)</b>	<b>1,061.15</b>	<b>1,173.41</b>
Taxation -												
Current tax	105.56	107.81	6.71	14.18	-	-	0.02	(0.14)	-	-	112.29	121.85
Fringe benefit tax	12.15	-	1.04	-	-	-	0.40	-	-	-	13.59	-
Deferred tax	-	(67.77)	-	-	-	-	(0.80)	(1.38)	-	-	(0.80)	(69.15)
Net Profit/(Loss) for the year	<b>1,159.41</b>	<b>1,211.22</b>	<b>62.09</b>	<b>166.57</b>	-	-	<b>355.44</b>	<b>254.26</b>	<b>(540.87)</b>	<b>(511.34)</b>	<b>936.07</b>	<b>1,120.71</b>
<b>Other Information</b>												
Segment Assets	29,599.72	22,163.35	10,984.56	7,190.83	7,511.50	1,211.89	6,510.83	6,434.28	(10,874.57)	(4,690.75)	43,822.04	32,100.03
Capital Expenditure	3,677.01	6,126.26	77.53	1,883.23	5,000.66	587.75	(1.12)	(0.76)	(100.00)	(68.42)	8,654.08	8,528.06
Depreciation / Amortisation	1,758.54	1,742.62	439.00	166.85	-	-	2.17	12.24	-	-	2,199.71	1,921.71
Segment Liabilities	18,224.13	15,780.62	8,823.62	5,166.05	4,538.04	154.16	2,850.59	3,106.84	(563.85)	-	33,872.53	24,207.67





## Schedule 20 (Contd.)

### (xxi) 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, Government of Andhra Pradesh Malaysia Airports Holdings Berhad, Odeon Limited, U E Development India Private Limited
(iii)	Enterprises where significant influence exists	GMR Varalakshmi Foundation
(iv)	Key Management Personnel	Mr. G.M.Rao, Mr. G.B.S.Raju, Mr. Kiran Kumar Grandhi, Mr. B.V.N.Rao, Mr. Srinivas Bommidala, Mr. O. B. Raju and Mr. K. Balasubramanian

b) Details of transactions:

(Rs. in millions)

Nature of transactions	Holding Company	Shareholders' having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	Enterprises where significant influence exists	Key Management Personnel	Balance Payable (Receivable)
Sale of Equity Shares	190.69 (-)	- (-)	- (-)	- (-)	- (-)
Share Application Money Received	2,912.55 (-)	2,640.00 (-)	- (-)	- (-)	- (-)
Share Application Money Refunded	3,312.55 (-)	2,640.00 (-)	2,525.36 (-)	- (-)	- (-)
Purchase of Equity shares	- (-)	- (-)	- (-)	0.10 (-)	- (-)
Share Application Money Invested	- (-)	- (-)	2,698.00 (-)	- (-)	- (-)
Redemption of Preference Shares	- (-)	- (-)	205.10 (-)	- (-)	- (-)
Loans Received and Repaid	1,205.50 (-)	- (-)	- (-)	- (-)	- (-)
Issue of Bonus Shares	1,057.74	-	0.04	-	-
Pre-closing Date Development Cost	-	11.62 (13.38)	-	-	-
Manpower Deputation Charges	- (0.36)	- (-)	- (-)	- (-)	- (-)
Payment under Engineering, Procurement and Construction Contract	- (-)	- (1285.54)	- (-)	- (-)	- (167.14)
Directors Remuneration				152.49 (151.99)	67.80 (61.14)
Share Application Money	- (-)	534.98 (-)	- (-)	- (-)	- (-)



## Schedule 20 (Contd.)

(Rs. in millions)

Nature of transactions	Holding Company	Shareholders having substantial interest/ Enterprises in respect of which the reporting enterprise is an associate/ Joint Venture	Enterprises where significant influence exists	Key/Management Personnel	Balance Payable (Receivable)
Operation and Maintenance Services	– (-)	52.32 (-)	36.61 (54.79)	– (-)	52.32 (0.47)
Technical Service Fee	– (-)	– (-)	102.30 (102.09)	– (-)	– (31.91)
Unsecured Loans Taken and Repaid(-)	– (-)	– (-)	2.67 (-)	– (-)	–
Unsecured Loans given	– (-)	– (-)	– (61.90)	– (-)	– (71.10)
Unsecured Loans including interest accrued and due thereon	–	–	–	–	62.01
Interest on Unsecured Loan	– (-)	– (-)	5.15 (2.82)	– (-)	– (-)
Donations	– (-)	– (-)	62.50 (57.50)	– (-)	– (0.01)
Services Rendered	– (-)	– (-)	0.13 (-)	– (-)	– (-)
Creditors/Payables	– (-)	– (-)	– (-)	– (-)	30.23 (-)
Remuneration	– (-)	– (-)	– (-)	140.41 (-)	67.80 (-)

## Notes

1. Certain Key Management Personnel have extended personnel guarantees as security towards borrowings of the Company. Similarly the holding company has pledged certain shares held in the Company as security towards the borrowings of the Company.
2. Previous year figures are mentioned in brackets.

## 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 : May 13, 2006

