



AUDITORS' REPORT

To

The Shareholders of GVK Developmental Projects Private Limited, Secunderabad

1. We have audited the attached Balance Sheet of GVK Developmental Projects Private Limited as at 31st March 2012, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of accounts;
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report comply with requirements of Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
 - v) On the basis of written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956:



- vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Significant Accounting Policies and Notes to Accounts in Schedule "4" and those appearing elsewhere in the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
- b) in the case of the Profit and loss account, of the loss of the company for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Place: Secunderabad
Date: 28.04.2012

For Saranga Pani & Co.
Firm Registration No : 050030S
Chartered Accountants

C Saranga Pani
(Proprietor)
Membership No. 73178



The annexure referred to in our report of even date.

Re: GVK Developmental Projects Private Limited

- 1 The Company does not have any fixed assets and therefore clause 4(i)(a), (b) and (c) are not applicable to the company.
- 2 The Company does not have any inventory and therefore clause 4(ii)(a),(b) and (c) are not applicable to the company
- 3 (a) The Company has granted interest free Unsecured loans to 2 companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the Company. The maximum amount involved during the year was Rs. 86,76,879/- and the year-end balance of loan given from such party was Rs. 86,76,879/-.

(b) The Company had taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 92,34,073/- and the year-end balance of loan taken from such party was Rs. 92,34,073/-.

(c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the Company.

(d) In respect of loan taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company with regard to the transactions of the company. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) Based on the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanation given to us, the transactions which have been entered into ,pursuant to contracts that have been entered in the register maintained under section 301 of the Companies Act, 1956, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



6. The company has not accepted any deposits from the public.
7. The clause 4(vii) dealing with internal audit system is not applicable to the company.
8. To the best of our knowledge and as explained, the central government has not prescribed maintenance of cost records in respect of services/activities provided/undertaken by the company. Accordingly the clause 4(viii) is not applicable to the company.
9. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, Cess and other material statutory dues applicable to it.
10. According to the information and explanations given to us and records of the company examined by us, there were no disputes with appropriate authorities of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty as on March 31, 2012.
12. The company has accumulated losses to the extent of Rs. 3,85,876/- (previous year Rs.3,90,646) and has incurred a cash loss of Rs. 7,730/- (previous year Rs. 3,24,850/-). The net worth of the company has become negative by more than 50%.
13. In our opinion and according to the information and explanation given to us and considering the transactions of the Company, the 4(xi) to 4(xx) are not applicable to the Company.
14. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Secunderabad

Date: 28.04.2012

For Saranga Pani & Co.
Firm Registration No : 0500305
Chartered Accountants

C Saranga Pani
(Proprietor)
Membership No. 73178

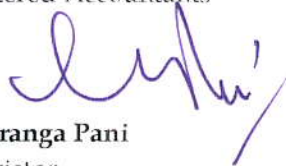
GVK Developmental Projects Pvt Ltd
(Formerly known as Dorado Infratech Pvt Ltd)
Balance Sheet as at March 31, 2012

	Note	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	1,00,000	1,00,000
Reserves and surplus	4	(3,85,876)	(3,90,646)
		(2,85,876)	(2,90,646)
Share application money pending allotment		1,33,591	1,23,591
Current liabilities			
Short-term borrowings	5	92,34,073	92,26,429
Other current liabilities	6	3,750	26,894
		92,37,823	92,53,323
TOTAL		90,85,538	90,86,268
ASSETS			
Non-current investments	7	3,34,000	3,34,000
Long-term loans and advances	8	86,76,879	86,66,879
		90,10,879	90,00,879
Current assets			
Cash and cash equivalents	9	74,659	85,389
		74,659	85,389
TOTAL		90,85,538	90,86,268

The accompanying notes are an integral part of the financial statements.

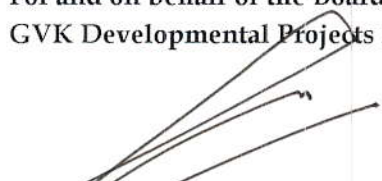
As per our report of even date

For SARANGA PANI & Co.,
Firm Registration No : 050030S
Chartered Accountants



C. Saranga Pani
Proprietor
Membership No.73178

For and on behalf of the Board of Directors of
GVK Developmental Projects Private Limited



G.V. Sanjay Reddy
Director



Krishna Ram Bhupal
Director

Place : Secunderabad
Date : 28.04.2012

GVK Developmental Projects Pvt Ltd
 (Formerly known as Dorado Infratech Pvt Ltd)
Statement of profit and loss for the year ended March 31, 2012

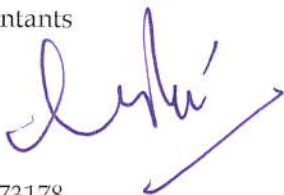
	Note	March 31, 2012	March 31, 2011
INCOME		-	-
Other Income			
Excess provision written back		12,500	
		12,500	-
EXPENDITURE			
Operating and other expenses	10	7,730	3,24,850
		7,730	3,24,850
Profit/(Loss) before tax		4,770	(3,24,850)
Provision for taxation		-	-
Profit/(Loss) after tax		4,770	(3,24,850)

The accompanying notes are an integral part of the financial statements.

As per our report of even date

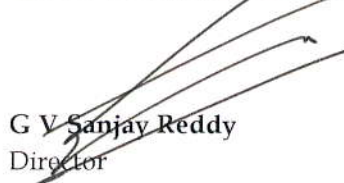
For SARANGA PANI & Co.,
 Firm Registration No : 0500305
 Chartered Accountants

C. Saranga Pani
 Proprietor
 Membership No.73178

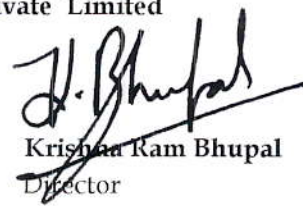


For and on behalf of the Board of Directors of
 GVK Developmental Projects Private Limited

G V Sanjay Reddy
 Director



Krishna Ram Bhupal
 Director



Place : Secunderabad
 Date : 28.04.2012

GVK Developmental Projects Pvt Ltd
(Formerly known as Dorado Infratech Pvt Ltd)
Cash Flow statements for the period ended March 31, 2012

	March 31, 2012	March 31, 2011
Profit/(Loss) before tax	4,770	(3,24,850)
Adjustments for:		
Changes in working capital		
Increase / (Decrease) in Current Liabilities & Provisions	(23,144)	16,894
Cash generated from operations	(18,374)	(3,07,956)
Direct taxes paid	-	-
Net cash from operating activities	(A) (18,374)	(3,07,956)
Cash flows from investing activities		
Purchase of investments		
In subsidiary	-	(2,51,000)
In others	-	(83,000)
Net cash from (used in) investing activities	(B) -	(3,34,000)
Cash flows from financing activities		
Loan to subsidiaries	(10,000)	(86,66,879)
Loan from Holding Company	7,644	92,26,429
Proceeds from share application money	10,000	
Net cash (used in) / from financing activities	(C) 7,644	5,59,550
Net (decrease) / increase in cash and cash equivalents	(A+B+C) (10,730)	(82,406)
Cash and cash equivalents at the beginning of the year	85,389	1,67,795
Cash and cash equivalents at the end of the period	74,659	85,389

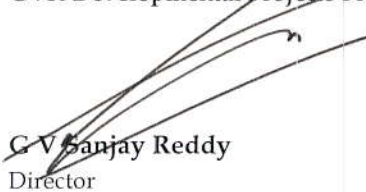
As per our report of even date

For SARANGA PANI & Co.,
Firm Registration No : 050030S
Chartered Accountants


C. Saranga Pani
Proprietor
Membership No.73178

Place : Secunderabad
Date : 28.04.2012

For and on behalf of the Board of Directors of
GVK Developmental Projects Private Limited


C.V. Sanjay Reddy
Director


Krishna/Ram Bhupal
Director

GVK Developmental Projects Private Limited. **(Formerly known as Dorado Infratech Pvt. Ltd)**

Notes to financial statements for the year ended 31 March 2012

1. Corporate information

GVK Developmental Projects Private Limited (the company) is a Private Limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the *Companies (Accounting Standards) Rules, 2006, (as amended)* and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

(a) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year. For further details, refer note 16.

(b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Provisions & contingent liabilities

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

GVK Developmental Projects Private Limited.
(Formerly known as Dorado Infratech Pvt. Ltd)

Notes to financial statements for the year ended 31 March 2012

3. Share capital

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Authorised:		
1,00,000 (Previous year: 1,00,000) equity shares of Rs.10/- each	10,00,000	10,00,000
Issued, subscribed and fully paid-up shares		
10,000 (Previous year: 10,000) equity shares of Rs.10/- each	1,00,000	1,00,000
	<u>1,00,000</u>	<u>1,00,000</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

Name of the shareholder	31-Mar-12		31-Mar-11	
	No.	Rs.	No.	Rs.
At the beginning of the year	10,000	1,00,000	10,000	1,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	10,000	1,00,000	10,000	1,00,000

(b) Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(c) Shares held by holding company

Out of equity shares issued by the company, shares held by the holding company are as below:

	31-Mar-12	31-Mar-11
	Rs.	Rs.
GVK Power & Infrastructure Limited, the holding company		
10,000 (31 March 2011: 10,000) equity shares of Rs.10/- each fully paid	10,000	10,000

GVK Developmental Projects Private Limited.
(Formerly known as Dorado Infratech Pvt. Ltd)

Notes to financial statements for the year ended 31 March 2012

(d) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31 March 2012		As at 31 March 2011	
	No.	% holding in the class	No.	% holding in the class
<i>Equity shares of Rs.10 each fully paid</i>				
GVK Power & Infrastructure Limited, holding company	1,00,000	100%	1,00,000	100%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and surplus

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	(3,90,646)	(65,796)
Profit for the year	4,770	(3,24,850)
Net surplus in the statement of profit and loss	<u>(3,85,876)</u>	<u>(3,90,646)</u>
Total reserves and surplus	<u>(3,85,876)</u>	<u>(3,90,646)</u>

5. Short-term borrowings

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Loan from GVK Power & Infrastructure Ltd. (unsecured)	92,34,073	92,26,429
	<u>92,34,073</u>	<u>92,26,429</u>

Loan from GVK Power & Infrastructure Ltd., holding company is unsecured and repayable on demand. This loan carries nil rate of interest.

GVK Developmental Projects Private Limited.
(Formerly known as Dorado Infratech Pvt. Ltd)

Notes to financial statements for the year ended 31 March 2012

6. Other current liabilities

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Audit fee payable	3,750	20,000
TDS payable	-	6,894
	3,750	26,894

7. Non-current investments

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Investments in GVK Deoli Kota Expressway Pvt Ltd 8,300 (Previous year: 8300) equity shares of Rs.10/- each fully paid-up)	83,000	83,000
Investments in GVK Energy Ventures Pvt Ltd (10,000 (Previous year: 10,000) equity shares of Rs.10/- each fully paid-up)	1,00,000	1,00,000
Investment in GVK Ratle Hydro Electric Proj Pvt Ltd (10,000 (Previous year: 10,000) equity shares of Rs.10/- each fully paid-up)	1,00,000	1,00,000
Investment in GVK Bagodara Vasad Expressway Pvt Ltd (5,100 (Previous year: 5,100) equity shares of Rs.10/- each fully paid-up)	51,000	51,000
	3,34,000	3,34,000

8. Long term loans and advances

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Advances recoverable in cash or kind (Unsecured considered good)	86,76,879	86,66,879
	86,76,879	86,66,879

9. Cash and bank balances

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Balances with banks:		
- On current accounts	7,864	18,594
Cash on hand	66,795	66,795
	74,659	85,389

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GVK Developmental Projects Private Limited.
(Formerly known as Dorado Infratech Pvt. Ltd)

Notes to financial statements for the year ended 31 March 2012

10. Operating and other expenses

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Legal and professional charges	2,480	86,300
Bid Documents RFQ/RFP	-	2,25,000
Filing fee	1,500	3,550
Auditors Remuneration - as Audit Fee	3,750	10,000
	7,730	3,24,850

11. Related party disclosures

Transactions with related parties during the year ended and outstanding as at March 31, are:

a) Holding Company

GVK Power & Infrastructure Limited

b) Subsidiary Company

GVK Ratle Hydro Electric Proj Pvt Ltd
GVK Energy Ventures Pvt Ltd
GVK Bagodara Vasad Expressway Pvt Ltd

c) Key Management Personnel

Mrs. G Indira Krishna Reddy
Mr. G V Sanjay Reddy
Mr. Krishna Ram Bhupal

d) Enterprises in which Key Management Personnel and / or their relatives have significant influence

GVK Deoli Kota Expressway Pvt Ltd

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Holding Company

Particulars of Transactions	Transactions during the year	Amount owed to the related parties
Share Application Money Received	10,000 (-)	1,33,591 (1,23,591)
Short-term Borrowings Received	7,644 (92,26,429)	92,34,073 (92,26,429)

Note: Previous year figures are in parenthesis

GVK Developmental Projects Private Limited.
(Formerly known as Dorado Infratech Pvt. Ltd)

Notes to financial statements for the year ended 31 March 2012

Subsidiaries/ Associates

Particulars of Transactions	Transactions during the year	Balance as at the year end
Investment	(-) (2,51,000)	2,51,000 (2,51,000)

Note : Previous year figures are in parenthesis

Enterprises in which key management personnel are interested

Particulars of Transactions	Transactions during the year	Balance as at the year end
Investment	(-) (83,000)	83,000 (83,000)

Note : Previous year figures are in parenthesis

12. Contingent liabilities

During the year ended March 31, 2012 the Company has provided security by way of corporate guarantees amounting to Rs. 29,67,00,000 (Previous Year Rs. 182,51,00,000)

13. Payment to auditor

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Audit fee	3,750	10,000
Other services (certification fees)	-	13,500

14. Previous year figures

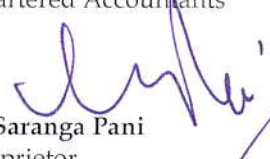
Till the year ended 31 March 2011, the company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet. The following is a summary of the effects that revised Schedule VI had on presentation of balance sheet of the company for the year ended 31 March 2011:

GVK Developmental Projects Private Limited.
(Formerly known as Dorado Infratech Pvt. Ltd)

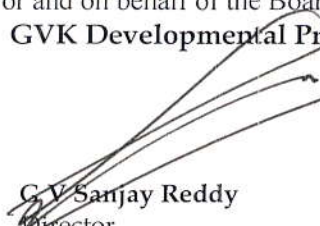
Notes to financial statements for the year ended 31 March 2012


Pre-revised Schedule VI		Adju.	Revised Schedule VI		Nature of adjustment
Heading	Amount		Amount	Heading	
Sources of funds			Equity and liabilities		
Shareholders' funds			Shareholders' funds		
Share capital	1,00,000		1,00,000	Share capital	
		(3,90,646)	(3,90,646)	Reserves and surplus	Deficit grouped under Reserves and surplus
Share Application Money pending allotment	1,23,591		1,23,591	Share application money pending allotment	
	<u>2,23,591</u>	<u>(3,90,646)</u>	<u>(1,67,055)</u>		
Loan funds					
Unsecured loans	92,26,429		92,26,429	Short-term borrowings	
Current liabilities and provisions					
Sundry Creditors	26,894		26,894	Other current liabilities	
	<u>92,53,323</u>	<u>-</u>	<u>92,53,323</u>		
	<u>94,76,914</u>	<u>(3,90,646)</u>	<u>90,86,268</u>		
Application of funds			Assets		
			Non-current assets		
Investments	3,34,000		3,34,000	Non-current investments	
Current Assets, Loans and Advances			Current assets		
Cash and bank balances	85,389		85,389	Cash and cash equivalents	
Loans and advances	86,66,879		86,66,879	Long-term loans and advances	
Profit and Loss Account	3,90,646	(3,90,646)	-	Reserves and surplus	Regrouped under Reserves and surplus
	<u>94,76,914</u>	<u>(3,90,646)</u>	<u>90,86,268</u>		

FOR SARANGA PANI & CO
 Firm Registration No : 050030S
 Chartered Accountants


 C. Saranga Pani
 Proprietor
 Membership No. 73178

For and on behalf of the Board of Directors of
GVK Developmental Projects Private Limited


 G.V. Sanjay Reddy
 Director


 Krishna Ram Bhupal
 Director

Place : Secunderabad
 Date: 28.04.2012