

SUNIL VIJAY & ASSOCIATES

Chartered Accountants

R-700, New Rajender Nagar, New Delhi –110060

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AUDITORS' REPORT

TO THE MEMBERS OF GVK PERAMBALUR SEZ PRIVATE LIMITED

We have audited the attached the Balance Sheet of **GVK PERAMBALUR SEZ PRIVATE LIMITED** , as at 31st March 2012 and annexed thereto and company has not prepared the profit & Loss Account due to no operation during the year. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 from any 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

The Company is exempted under para 1(2) (iv) of Caro 2003. As such the requirements of the Companies (Auditors' Report) order,2003 issued by the Central Government of India in term of sub-section (4A) of section 227 of the Companies Act, 1956, are not applicable .

we further report that

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet referred to in this report are in agreement with the books of account.



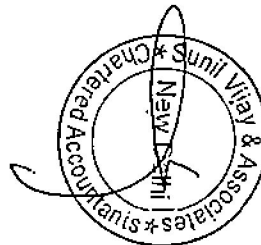
4. The Balance Sheet and annexure thereto dealt with by this report are prepared in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representation received by the Company from directors, as on 31st March, 2012, we report that none of the directors are disqualified as at 31st March, 2012 from being appointed as a director under clause (g) of sub-section (i) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanation given to us, the said Accounts give the information required by the Companies Act, 1956, in the manner so required & 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;

for and on behalf of
SUNIL VIJAY & ASSOCIATES
Chartered Accountants
Firm Regn. No. 005802N

Place: New Delhi
Dated: 28.04.2012

Sunil Chadha
Partner
M. No. 030409



GVK Perambalur SEZ Pvt Ltd
Balance Sheet as at 31st March 2012

Particulars	Notes	As at March 2012	As at March 31, 2011
		RS	RS
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	100,000	100,000
(b) Reserves and surplus	2	-	-
		100,000	100,000
2 Share application money pending allotment	3	-	499,900,000
		-	-
4 Current liabilities			
(a) Short-term borrowings	4	1,163,723,559	630,223,559
(b) Trade payables	4	-	-
(c) Other current liabilities	4	1,753,586	338,891
(d) Short-term provisions	4	-	-
		1,165,477,145	630,562,450
TOTAL		1,165,577,145	1,130,562,450
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	5		
(i) Tangible assets		900,147	1,033,825
(ii) Capital work-in-progress		1,154,737,226	1,118,841,697
(b) Long-term loans and advances	6	-	-
(c) Other non-current assets	7	3,380,900	3,380,900
		1,159,018,273	1,123,256,422
2 Foreign Currency Monetary Item Difference Account (Net)		-	-
2 Current assets			
(a) Current investments	8	-	-
(b) Cash and bank balances	9	455,227	1,391,961
(c) Short-term loans and advances	9	6,103,644	5,914,067
(d) Other current assets	9	-	-
		6,558,871	7,306,028
TOTAL		1,165,577,145	1,130,562,450

Notes to financial statement

13

In terms of our report attached.

For Sunil Vijay & Associates.,
Chartered Accountants

Suhil Chadha
Partner
Membership No.030409

Place New Delhi
Date 28/04/2012



For and on behalf of the Board of Directors of
GVK Perambalur SEZ Private Limited

Krishna Ram Bhupal
Director

GV Panjaj Reedy
Director

GVK Perambalur SEZ Pvt Ltd
Profit and loss statement for the period ended 31st March 2012

Particulars	Notes	Apr 11 -Mar-12	Apr 10 - Mar 11
		RS	RS
INCOME			
Other income	10	-	-
Total Revenue		-	-
EXPENSES			
Operating and other expenses	11	-	-
Total		-	-
Earnings before interest, tax, depreciation and amortization (EBITDA)		-	-
Finance Costs	12	-	-
Profit/(loss) before tax		-	-
Tax expense:			
Current tax		-	-
Total tax expense		-	-
Profit/(Loss) after tax		-	-

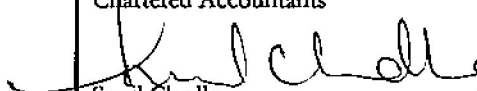
Notes to financial statement

13


In terms of our report attached.

For **Sunil Vijay & Associates.,**
Chartered Accountants

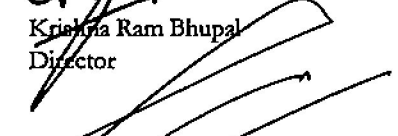
For and on behalf of the Board of Directors of
GVK Perambalur SEZ Private Limited


Sunil Chadha
Partner
Membership No.030409




Krishna Ram Bhupal
Director

Place **NEW DELHI**
Date **28.04.2012**


G.V. Sanjay Reddy
Director

GVK Perambalur SEZ Pvt Ltd

Cash Flow Statement for the year ended 31st March 2012

Particulars	As at March 2012	As at March 31, 2011
	RS	RS
Cash flow from operating activities		
Cash flow from Investing Activities		
Purchase of Fixed Assets including intangible assets, CWIP and capital advances	(34,536,733)	(103,315,209)
Net Cash Used in Investing Activities	(34,536,733)	(103,315,209)
Cash Flow from Financing Activities		
Refund of share application money	(499,900,000)	-
Proceeds from short-term borrowings	533,500,000	102,036,851
Net Cash Used In Financing Activities	33,600,000	102,036,851
Net Increase / (Decrease) in cash and cash equivalents	(936,733)	(1,278,358)
Effect of exchange difference on cash & cash equivalents held in foreign currency		
Cash and Cash Equivalents as at 1st April 2011	1,391,961	2,670,319
Cash and Cash Equivalents as at 31st March 2012	455,228	1,391,961
Components of Cash and Cash equivalents as at 1st April 2011		
Cash and bank Balance	1,391,961	2,670,319
Current Investments	-	-
Total	1,391,961	2,670,319
Components of Cash and Cash equivalents as at 31st March 2012		
Cash and bank Balance	455,227	1,391,961
Current Investments	-	-
Total	455,227	1,391,961

In terms of our report attached.

For Sunil Vijay & Associates.,
Chartered Accountants

Sunil Chadha
Partner
Membership No.030409



Place : New Delhi

Date 28.04.2012

Explanatory Notes:

Cash comprises cash on hand and demand deposits with banks.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to

In respect of related party transactions, please give details separately for figures included in shaded cells only.

For and on behalf of the Board of Directors of
GVK Perambalur SEZ Private Limited

Krishna Ram Bhupal
Director

GV Sanjay Reedy
Director

GVK PERAMBALUR SEZ PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2012

Note to Financial Statements -13

1. Corporate information

GVK Perambalur SEZ Private Limited (the company) is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in the business of to carry on the business of infrastructure projects including but not limited to operations, maintenance, management and development of infrastructure facilities, whether directly or indirectly, alone or in consortium with others and generally to assist and carry on the projects engaged in the business of developing power, airports, ports, expressways, highways, canal / waterways, shipping, mining and other companies engaged in providing infrastructure facilities and also to participate and acquire any infrastructure projects

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 21.

(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.

GVK PERAMBALUR SEZ PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2012

(c) Tangible fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided using Straight Line Method at the rates estimated by the Management which coincides with the rates prescribed under Schedule XIV of the Companies Act, 1956.

Fixed assets individually costing Rs.5 or less are fully depreciated in the year of purchase.

Nature of Asset	Rates (SLM)
Computers	16.21%
Furniture & Fixtures	6.33%
Office Equipment	4.75%
Motor Vehicles	9.50%

(d) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset

(e) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(f) Dividends

GVK PERAMBALUR SEZ PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2012

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(h) Foreign currency transactions

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(i) Income tax

Tax expense comprises of current tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

GVK PERAMBALUR SEZ PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2012

3. Share capital

	31-Mar-12 Rs.	31-Mar-11 Rs.
Authorized shares (No. thousands)		
Ordinary / Equity Shares		
5,00,00,000 (31 March 2011: 5,00,00,000) equity shares of Rs.10/- each	50,00,00,000	50,00,00,000
	50,00,00,000	50,00,00,000
Issued, subscribed and fully paid-up shares		
Ordinary / Equity Shares		
10,000 (31 March 2011: 10,000) equity shares of Rs.10/- each	1,00,000	1,00,000
	1,00,000	1,00,000

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 per value of ₹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.

GVK PERAMBALUR SEZ PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2012

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 Ltd, the holding company		
10,000 (31 March 2011: 10,000) equity shares of Rs.10/- each fully paid*	1,00,000	1,00,000

*including 100 shares jointly held along with individual promoters

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 Ltd (GVKPIL) holding company*	10,000	100%	10,000	100%

*including 100 shares jointly held along with individual promoters

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.

GVK PERAMBALUR SEZ PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2012

4. Tangible assets

	Computers	Furniture and fixtures	Vehicles	Office Equipment	Total
Cost or valuation					
At 1 April 2010	2,09,450	4,52,747	5,84,596	3,26,955	15,73,748
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer to assets held for sale (discontinuing operation)	-	-	-	-	-
Other adjustments					
- Exchange differences	-	-	-	-	-
- Borrowing costs	-	-	-	-	-
	-	-	-	-	-
At 31 March 2011	2,09,450	4,52,747	5,84,596	3,26,955	15,73,748
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Other adjustments					
- Exchange differences	-	-	-	-	-
- Borrowing costs	-	-	-	-	-
	-	-	-	-	-
At 31 March 2012	2,09,450	4,52,747	5,84,596	3,26,955	15,73,748
Depreciation					
At 1 April 2010	66,957	1,81,486	1,11,074	57,528	4,17,045
Charge for the year	32,963	20,021	55,537	14,357	1,22,878
Disposals	-	-	-	-	-
Transfer to assets held for sale (discontinuing operation)	-	-	-	-	-
At 31 March 2011	99,920	2,01,507	1,66,611	71,885	5,39,923
Charge for the year	33,952	28,659	55,537	15,530	1,33,678
Disposals	-	-	-	-	-
At 31 March 2012	1,33,872	2,30,166	2,22,148	87,415	6,73,601
Impairment loss					
At 1 April 2010	-	-	-	-	-
At 31 March 2011	-	-	-	-	-
Charge for the year	-	-	-	-	-
At 31 March 2012	-	-	-	-	-
Net Block					
At 31 March 2011	1,09,530	2,51,240	4,17,985	2,55,070	10,33,825
At 31 March 2012	75,578	2,22,581	3,62,448	2,39,540	9,00,147

GVK PERAMBALUR SEZ PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2012

5. Short-term borrowings

	31-Mar-12 Rs.	31-Mar-11 Rs.
Others (secured)		
GVK Power & Infrastructure Ltd. (unsecured)	116,37,23,559	113,01,23,559
	1793,45,87,010	1173,16,00,343

6. Other current liabilities

	31 March 2012 Rs	31 March 2011 Rs
Other liabilities		
Others		
TDS payable	41,505	-
Other Creditors for expenses	17,12,081	3,38,891
	17,53,589	3,38,891

7. Cash and Bank balances

	Non-current		Current	
	31-Mar-12 Rs.	31-Mar-11 Rs.	31-Mar-12 Rs.	31-Mar-11 Rs.
Cash and cash equivalents				
<i>Balances with banks:</i>				
- On current accounts	-	-	3,35,915	12,61,530
Cash on hand	-	-	1,19,312	1,30,430
	-	-	4,55,227	13,91,960

GVK PERAMBALUR SEZ PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2012

8. 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) Key Management Personnel

Dr. G V Krishna Reddy

Mr. G V Sanjay Reddy

Mr. Krishna Ram Bhupal

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

M/s. GVK Power & Infrastructure Ltd

M/s. GVK Projects & Technical Services Ltd

M/s. GVK Technical & Consultancy Services Pvt Ltd

M/s. Orbit Travel & Tours Pvt Ltd

Particulars of Transactions	Holding Company	Amount owed to
Short Term borrowings	53,35,00,000 (10,20,36,851)	116,37,23,559 (113,01,23,559)
Share Application Money	- (-49,99,00,000)	- (-)
Particulars of Transactions	Enterprises in which key management personnel are interested	Amount owed to
Payment for civil works - GVK Projects & Technical Services Ltd	- (1,30,00,000)	- (-)
Professional services - GVK Technical & Consultancy Services Pvt Ltd	61,20,150 (49,64,226)	1,46,582 (-)
Travel expenses - Orbit Travel & Tours Pvt Ltd	77,621 (76,832)	- (-)

Note: Previous year figures are in parenthesis.

GVK PERAMBALUR SEZ PRIVATE LIMITED

Notes to financial statements for the year ended 31 March 2012

9. Segment reporting

The Company's operations fall within a single business segment "construction development of domestic and international airports" and single geographical segment and therefore segment information is not provided.

10. Contingent Liabilities not provided for in respect of claims

There are no overdue amounts payable to small-scale industries as of March 31, 2012 as per the information available with the Company

11. Payment to auditor

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Audit fee	22,472	22,060

Micro, small and medium enterprises

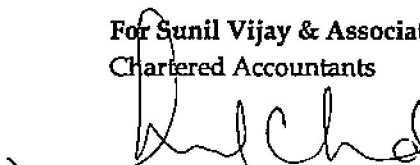
The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on 31 March 2012 (31 March 2011: Nil).

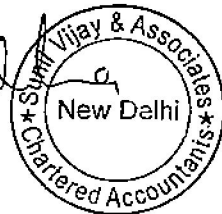
12. Previous year figures

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.

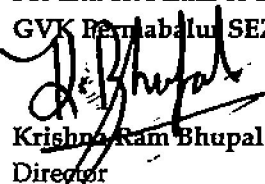
As per our report of even date

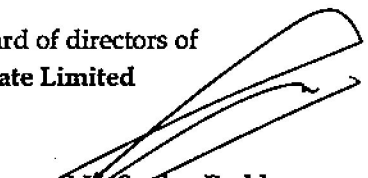
For Sunil Vijay & Associates.,
Chartered Accountants


Sunil Chadha
Partner
Membership no.: 030409



For and on behalf of the board of directors of
GVK Perambalur SEZ Private Limited


Krishna Ram Bhupal
Director


G.V. Sanjay Reddy
Director

Place: NEW DELHI

Date: 28.04.2012