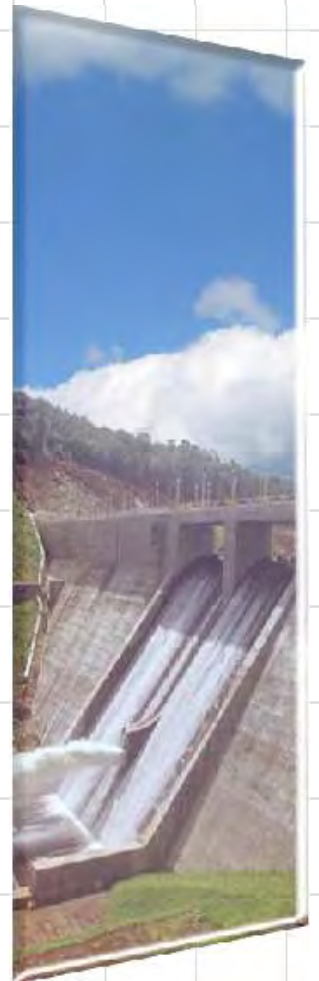




19<sup>th</sup> Annual Report 2006-2007





## **Vision**

To Enhance  
the Quality of Life  
by Creating World Class  
Infrastructure

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## Core Competencies

- Transforming employees into leaders at every level
- System-driven and technology savvy
- Ability to deliver the best of quality, on time, through a process driven approach
- Multi - domain expertise



## Quality Policy

Maytas Infra is an ISO 9001:2000 certified company, committed to the highest standards of quality.

Maytas Infra is committed to delivering projects of world-class standards using its key resources of skilled manpower and state-of-the-art engineering and equipment.

Every project of Maytas Infra is guided by:

- A well thought out execution plan
- A Quality Policy
- A Safety Policy
- An Environmental Policy



## Environmental Policy

Maytas Infra Limited is committed to carrying out all its activities without detriment to the environment, so that their environmental impacts are reduced to a practical minimum.

Maytas Infra organizes training programmes to educate employees in the usage of latest technologies for preventive measures, appraisal and restoration of the environment.

Maytas Infra is committed by this Policy not only to abide by the prevailing legal requirements but also to have a futuristic approach in carrying out continuous improvement in "Environmental" management performance.



## Occupational Health and Safety Policy

The Management of Maytas Infra Limited firmly believes that its employees are its greatest asset.

Maytas Infra is committed to providing a safe working environment and protection against Safety and Health risks to all its employees and others involved in its activities. This shall be achieved by minimizing the hazards through adoption of proper management of risk controls.

Maytas Infra gives equal importance to "Occupational Health & Safety" Policy like any other business policy of the company.

Maytas Infra is committed to and shall carry out continuous improvement in "Occupational Health & Safety" management performance.

## CORPORATE INFORMATION

### Board of Directors

**Sri R C Sinha**  
**Sri C S Mohan**  
**Dr. R P Raju**  
**Sri B Teja Raju**  
**Sri P K Madhav**

### Company Secretary

**Sri J Veeraju**

### Joint Auditors

#### **M/s. S R Batliboi & Associates**

Chartered Accountants  
 205, 2nd Floor, Ashoka Bhoopal Chambers  
 Sardar Patel Road, Secunderabad - 500 003.

#### **M/s. Krishna & Prasad**

Chartered Accountants  
 G-26, Ground Floor,  
 R B V R Reddy Hostel complex  
 Tilak Road, Hyderabad - 500 001.

### Bankers

Allahabad Bank  
 Bank of India  
 Bank of Maharashtra  
 BNP Paribas  
 Central Bank of India  
 Centurion Bank of Punjab Ltd  
 ICICI Bank Ltd  
 Industrial Development Bank of India Ltd  
 Kotak Mahindra Bank  
 Punjab National Bank  
 State Bank of India  
 Standard Chartered Bank  
 UTI Bank Ltd

### Regd. Office

# 6-3-1186/5/A, IIIrd Floor, Amogh Plaza  
 Begumpet, Hyderabad - 500 016. India.  
 Tel : +91-40-2340 8100  
 Fax : +91-40-2340 1107  
[www.maytasinfra.com](http://www.maytasinfra.com)

## CORPORATE PROFILE

Maytas Infra Limited is fastest growing organization in Construction, Infrastructure and Project Management. With over two decades of rich, varied experience, and full-fledged infrastructure, Maytas Infra has established it self as the most trusted company in the infrastructure industry.

Maytas Infra is committed to offer best quality projects on time in various verticals such as Irrigation, Transportation, Energy, Buildings & Structures.

### Salient Features

- ISO 9001-2000 certified company
- Pan India presence
- Technology Sourcing, Assimilation & Deployment
- 1500 employees
- Order book of Rs.30,410 million
- Multi-domain knowledge

Adjudged as one of the Fastest Growing Construction Companies by Construction World and NICMAR for the year 2006

Maytas Infra possess diversified presence in infrastructure development, construction, project management and engineering. Projects handled in these segments are:

Buildings & Structures	Transportation	Water	Energy
Residential Buildings	Roads & Highways	Dams and Canals	Hydel
Commercial Bldgs	Railways	Water Treatment	Thermal
Industrial Construction	Urban Transportation	Water Storage	Power T&D
	Airports		Oil & Gas

Possess rich intellectual capital, state of the art technology with optimum application, thus enabled Maytas Infra to establish an enviable place in the Infrastructure sphere.

### Core Values

#### People

We encourage and support our people through a spirit of continuous learning, knowledge sharing, involving, good-relationships and empowerment.

#### Knowledge Application

Technology and management through a fully networked organization which is intelligently connected.

#### Making Things Happen

Achieving operational excellence by continuous up gradation of Technology, designing, developing, construction and delivering project to the Clients on time with global standards in quality.

#### Quality / SH&E

Besides the Technology, standards, intellectual and engineering skills, process is the key to ensure execution excellence, We at Maytas Infra strictly adheres to:

- Well designed execution plan
- Safety policy
- Quality policy
- Environmental policy

**SECTORS**

**Buildings & Structures**



The Maytas Hill County being built near Hyderabad boasts of high-end residential places with world-class amenities. The premium township is spread over an expanse of 85 acres for residential and 75 acres for IT SEZ.

Not just towers of concrete, but better places to live and work in.

Maytas Infra builds a variety of structures for specific requirements which result in lasting pieces of architecture and realty. We collaborate with various agencies and corporate houses for these projects, and undertake work on a turn-key basis or any specific sub-segment thereof. The range of our construction encompasses:

- Residential Buildings
- Commercial Buildings
- Industrial Structures



Maytas Hill County, Hyderabad



Maytas executing housing project in Kanpur

**Building Dreams**



Satyam Technology Centre, Hyderabad



Singapore Class Township built in 2005 offers a built-up area of about 28,00,000 sqft at Pocharam near Hyderabad

**SECTORS**

**Transportation**



Mumbai-Pune Expressway, the most premier access-controlled highway in the country, was built using latest equipment such as slip-form pavers and auto-controlled batching plant. This world-class road has drastically reduced the travel time between the two cities.

Not just miles of asphalt,  
but miles of happy journeys.

Infrastructure for transportation is the lifeline of a nation. The reason why there's a never ending focus and activity in building, development and maintenance of infrastructure. Maytas Infra is one of the companies that's leading this revolution in the following areas:

- Roads and Highways
- Urban Transportation and Railways
- Ports and Airports



Work in full swing at Bangalore Elevated Highway Project. The 10 km Expressway to ease the traffic problem on Bangalore-Hosur road.



The BDA Outer Ring Road project is built along 5kms to decongest the core part of the Bangalore.

**Paving progress**



Sira Bypass in Karnataka was built in 2002 and forms a network with the ever-busy National Highway 4



Chennai Bypass in Tamilnadu completed in 2001



NICE Project is one of the most formidable projects being executed by Maytas Infra. The project includes 2-km expressway and a major clover-leaf interchange for uninterrupted flow of traffic

**SECTORS**

**Water**



Podagada Earthen Dam in Orissa is 462mts in length and 72 mts in height. The dam was completed in 1996.

Not just complex pipelines,  
but a world enjoying water.

Infrastructure related with water forms a major part of our portfolio of services. We have built a rich repository of experience and knowledge in this area, having successfully planned and built a number of prestigious projects for various government agencies in India. With its strength in skilled manpower and machinery, the company is a major player in the development of irrigation projects all over the country. It shows in the fact that we have completed 36 irrigation projects worth Rs.20,000 crore across India. Maytas Infra undertakes projects that deal with the construction of:

- Dams and Canals
- Water Treatment, Storage and Transportation



GNSS Project in Andhra Pradesh, expected to be ready in 2008 will be a gift to the arid zones of the Kadapa district.



Tadipudi Project is located in Andhra Pradesh and is being built across the Godavari river.

**Defining Prosperity**



Kapur Earthen Dam in Orissa



Sri Ram Sagar Project  
located in Andhra Pradesh



KP Canal in Andhra Pradesh

**SECTORS**

**Energy**



**Kalpang Hydro Electric Project**

This project in Andaman was completed in just two years' time and includes a concrete dam, a rock-fill dam, link channels and appurtenant work.

Not just massive power plants, but a force that lights up a million lives.

Energy generation projects are another mainstay at Maytas Infra. We engage ourselves in a variety of ways in this area including wholly-owned projects, collaborations, and joint ventures. We have executed several projects of repute in this segment which have been recognised not just for the quality, but for the ingenuity applied in planning and executing them. Our expertise ranges in the following areas:

- Hydel Power
- Thermal Power
- Power Transmission and Distribution
- Oil and Gas including pipelines



Larji Project, Himachal Pradesh



Parbati Project, Haryana

Lending 'Power'



Muran Dam in Orissa



\* Indicative Picture

Oil & Gas



Power Transmission and Distribution

**SECTORS**

**BOT**



**KVK Nilachal Project, Orissa**

Maytas in consortium with KVK Group is setting up a 300 MW thermal power project at Gurudijhatia, Cuttack district in Orissa. The project cost is estimated at Rs13.5 billion and is expected to augment power supply in Orissa.

Building not just projects.  
But building synergies for the nation.

The BOT model has taken precedence in the Indian infrastructure scenario today, and is set to grow even further. Maytas Infra has bagged some prominent BOT projects since its foray into the BOT space. To consolidate its activities further in this sphere, the company has joined hands with several partners for planning, execution and management of projects in the areas of:

- Power
- Roads
- Ports



\* Indicative Picture

**Larji Project, Himachal Pradesh**



\* Indicative Picture

Bangalore Elevated Tollway project being built as part of the capacity improvement in Bangalore-Hosur section.

**Building Synergies**



\* Indicative Picture

Machilipatnam Port, Andhra Pradesh



Upper Indravati HEP, Orissa



Gautami Power Project located in East Godavari district is a 460 MW gas based power project

## THE YEAR THAT WAS

Infrastructure, the buzzword of modern India, has come of age, traversing through rough terrains of domain challenges, stormy waters of timelines and tremendous hopes of the citizens and governments. The quality at any point cannot be compromised, leading to a set up that is highly tech-driven and constantly monitored by e-initiatives.

Maytas Infra, in its mission to build such quality infrastructure, has today geared up to extend its footprint across India and further. The year gone by was a watershed period, with Maytas proving a point beyond doubt in leveraging people and processes to deliver the best.

The period 2006-2007 was witness to robust growth in the infrastructure sector in general and Maytas Infra in particular. Expertise and experience complemented with domain knowledge has helped the company to venture into new arenas successfully. The year began on a high note with prestigious projects in diverse fields being awarded to the company. Maytas Infra has eventually forayed into sunshine sectors like Oil & Gas, Railways and ports.

### Year of Alliances

Maytas Infra has chartered some historic alliances during the period, the fruits of which are underway to be reaped. Maytas Infra has inked a pact with China Railway to execute challenging tunnel projects in our country. China Railway is a name to reckon with when it comes to implementing difficult projects such as tunnels and bridges.

Next was Maytas aligning with Dhabi Contracting, a leading infrastructure name in the Middle East. This was the company's maiden international venture and is aimed at developing high-end residential and office spaces in UAE.



- 1) The moment of glory: Maytas Infra signed the pact with China Railway for executing challenging tunnel projects in India.
- 2) The testimony to fine performance: Maytas Infra adjudged the Fastest Growing Company.

## PEOPLE- OUR ASSETS

At Maytas Infra, People are considered as the most important Assets and the company leaves no stone unturned to empower them in all spheres, boost their confidence and bring the best out of them. A large pool of technical, managerial and other skilled people were absorbed by the company for cross section of verticals across the country. Skills enhancement of associates is given the highest pedestal with the Learning and Development Centre at the corporate level churning out continual sessions to motivate associates.

### Awards and Accolades

Maytas Infra was adjudged "One of the Fastest Growing Construction Companies in India" for the year 2006. The award was based on the study carried out jointly by NICMAR and leading industry magazine Construction World.

### Going Live

Maytas Infra has earned another distinction by going ERP Live in all the project sites after successfully overcoming all obstacles. This assumes substantial significance while ensuring connectivity to remote locations and stores that are away even from site offices. Ever-live, ERP is supposed to makes coordination and record keeping easy and well connected to HO and would guarantee efficient operations.



3) It's all New: The new corporate office building in Hyderabad.

4) Corporate classrooms: The year was witness to skills enhancement and massive orientation programme in the company with Commercial and Engineering trainees absorbed on massive scale.

## NOTICE

**Notice** is hereby given that the Nineteenth Annual General Meeting of Maytas Infra Limited will be held on Friday, the 31<sup>st</sup> day of August, 2007 at 11.00 A.M. at the Registered office of the Company, 6-3-1186/5/A, IIIrd Floor, Amogh Plaza, Begumpet, Hyderabad – 500 016 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2007, the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2007.
3. To appoint a Director in place of Shri B.Teja Raju, who retires by rotation and being eligible offers himself for reappointment.

To consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :

**“RESOLVED THAT** pursuant to the provisions Section 256 and other applicable provisions, if any, of the Companies Act, 1956, Shri B.Teja Raju, Director be and is hereby appointed as a Director not liable to retire by rotation”.

4. To appoint a Director in place of Sri P.K.Madhav, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Sri R.C.Sinha, who retires by rotation and being eligible offers himself for reappointment.

6. To consider, and if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** M/s.S.R.Batliboi & Associates, Chartered Accountants and M/s.Krishna & Prasad, Chartered Accountants be and are hereby re-appointed as Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company”.

By order of the Board  
**For Maytas Infra Limited**

Place: Hyderabad  
Date: August 21, 2007.

**B Teja Raju**  
Vice Chairman

### NOTES:

1. Every member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. The dividend for the year ended 31<sup>st</sup> March, 2007, as recommended by the Board, if approved at the meeting, will be payable to those members, whose names appear on the Company's Register of Members as on 31<sup>st</sup> August, 2007.

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 19<sup>th</sup> Annual Report together with the Audited Accounts of your company for the year ended 31<sup>st</sup> March, 2007.

### FINANCIAL HIGHLIGHTS

The performance of the Company for the financial year ended 31<sup>st</sup> March, 2007 is summarized below:

(Rs. in Million)

Particulars	2006-07	2005-06
1. <b>Gross Turnover</b>	<b>8,234.38</b>	<b>3,951.39</b>
2. Profit before Interest, Depreciation and Tax	1,078.39	472.17
3. Less: Interest and Finance Charges	176.89	75.98
4. Profit before depreciation and Tax	901.50	396.19
5. Less: Depreciation	113.10	46.36
6. <b>Profit before Tax</b>	<b>788.40</b>	<b>349.83</b>
7. Provision for Tax	244.78	96.55
8. <b>Profit after Tax</b>	<b>543.62</b>	<b>253.28</b>
9. Less: Prior year Taxes	<b>12.42</b>	<b>28.66</b>
10. <b>Profit after Prior Year Taxes</b>	<b>531.20</b>	<b>224.62</b>
11. Add: Balance brought forward from previous year	2,064.70	1,851.48
12. Profit available for appropriation	<b>2,595.90</b>	<b>2,076.10</b>
<b>Appropriations</b>		
13. Transfer to General Reserves	<b>450.00</b>	—
14. Proposed Dividend (10%)	<b>50.00</b>	<b>10.00</b>
15. Dividend Tax	<b>8.50</b>	<b>1.40</b>
16. Balance carried to Balance Sheet	<b>2,087.40</b>	<b>2,064.70</b>
17. Paid up Capital	<b>500.00</b>	<b>100.00</b>
18. Reserves and Surplus	<b>2,152.63</b>	<b>2,079.93</b>

### Dividend

Your Directors are pleased to recommend a dividend of 10% on the Equity Shares of the Company.

### Important developments during the year

During the year the following are the important developments that have taken place ;

- Conversion of the Company from Private Limited to Public Limited.
- Sub Division of equity Shares of face value of Rs.100/- each to face value of Rs.10/- each.
- Increase of Authorised Share Capital from Rs.100 Millions to Rs.750 Millions.
- Issue of 4 (four) Bonus Shares for every 1 (one) share held.

### Management's Discussion and Analysis

#### Operational Performance:

Your Directors are pleased to report that during the year under review, the company recorded a turnover of Rs. 8,234.38 Million as against Rs.3,951.39 Million in the previous year thus registering a growth of 108% over last year. The profit before interest, depreciation and tax is Rs.1,078.39 Million as against Rs.472.17 Million in the previous year. The net profit of the company for the year is Rs.531.20 Million as against Rs.224.62 Million.

All the projects undertaken by the Company during the year have progressed as scheduled.

During the year under review your Company has secured various contract orders in Roads, Buildings, Electrical, Irrigation and Railway Tunnel projects. Some of the contracts have been secured by the Company on stand alone basis and some of the projects have been secured under Joint Venture agreements with other leading construction companies.

Glance of Order Book:

The glance of the Company's order book position as on 31<sup>st</sup> March, 2007 is as follows:

**Maytas Infra Limited**  
(formerly known as Maytas Infra Private Limited)

Sl.No.	Sector	Orders on hand (Rs.in Million)
1.	Irrigation	11,346
2.	Roads and Bridges	12,120
3.	Buildings and Structures	4,559
4.	Power	1,434
5.	Oil and Gas	322
6.	Railways	631
	<b>Total</b>	<b>30,412</b>

In addition, the Company has secured Orders during the first quarter of current fiscal to the extent of Rs.8,520 Million.

**Joint Ventures & Alliances:**

In order to enhance its competitive strength, the company from time to time is entering into the joint venture agreements with other leading construction/infrastructure companies for executing specific specialized infrastructure projects.

The overall growth of the company is satisfactory.

**Industry Structure and Developments :**

The Indian infrastructure industry is experiencing growth in expenditure. This growth is visible throughout the country in the form of new highways, roads, ports, railways, airport; power systems; new townships, offices, houses and other buildings, urban/rural infrastructure, including water supply, sewerage, drainage, irrigation and agriculture systems.

According to the Pre-Budget Memo 2006-07 prepared by the Construction Federation of India ("CFI"), construction is the second largest employer after the agriculture sector. Currently, the construction industry in India, directly or indirectly, employs approximately 32.0 Million workers, accounts for 40% of gross investment, and 60% of infrastructure costs. It accounts for a gross annual business volume of Rs. 2,300,000.0 Million. According to the same memo, the construction industry in India currently accounts for 5% of India's gross domestic product.

According to CRIS INFAC, a brand of CRISIL, a ratings, research, risk and policy company, investment in construction is expected to grow to approximately Rs. 8,300.0 billion, at a compounded annual growth rate of 8% over the next three years.

**Future Outlook**

The drumbeats of infrastructure are gradually getting louder and in the next few years their rumble will be felt and heard all over the country. There exist strong, well recognized linkages between infrastructure on the one hand and economic growth poverty alleviation on the other. Not only will infrastructure give a fillip to economic growth, but robust economic growth, in turn, by enhancing willingness to pay appropriate user charges, will promote investment in infrastructure. The outlook for infrastructure improvement looks promising. With experience gained in PPPs, formulation of model PPP and concession agreements, infrastructure investments should gain momentum over the coming months and year.

**Opportunities**

Indian economy continued to perform well with real GDP growth of around 9% and remained one of the fastest growing economies in the world. Government of India continues to provide, in its annual budget, for major expenditure outlays on infrastructure like highways and ports.

**Outlook**

The Company will continue to maintain its focus in the infrastructure sector while addressing new opportunities.

**Directors**

During the year Shri B.Rama Raju and Shri B.Suryanarayana Raju, resigned from the office of Director of the Company with effect from 30<sup>th</sup> October, 2006 and 30<sup>th</sup> December, 2006 respectively. Your directors record their deep appreciation for the valuable contribution made by them to the Company during their tenure as Directors of the Company.

Shri P.K.Madhav is appointed as Director on the Board w.e.f. 30<sup>th</sup> October, 2006 and also appointed as Wholetime Director w.e.f. 1<sup>st</sup> November, 2006.

Shri R.C.Sinha is appointed as Director on the Board w.e.f. 30<sup>th</sup> December, 2006. Shri C.S.Mohan and Dr R.P.Raju are appointed as Directors on the Board with effect from 2<sup>nd</sup> January, 2007.

The brief profiles of the Directors are provided in the Report on Corporate Governance forming part of the Annual Report.

## ESOP 2007

In pursuance of the approval accorded by the members of the Company at the Extraordinary General Meeting held on 30<sup>th</sup> March, 2007, the Company on the date of this report granted 6,44,967 options of Rs.10/- each to the eligible employees in accordance with the terms specified by the Compensation Committee of the Board. Pursuant to the provisions of Clause 12 of SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, as amended, the required disclosures are as follows:

(a)	No. of options granted	6,44,967 options of Rs.10/- each on 14 <sup>th</sup> April, 2007.	
(b)	The pricing formula	Options granted shall be exercisable at a price equal to the Issue Price.	
(c)	Options vested	—	
(d)	Options exercised	—	
(e)	The total number of equity shares arising as a result of exercise of option	One share per each option exercised and number of shares arising upon exercise of option equals the number of options exercised.	
(f)	Options lapsed	17,430	
(g)	Variation of terms of options	—	
(h)	Money realized by exercise of options	—	
(i)	Total number of options in force	6,27,537 options of Rs.10/- each (after reducing the options lapsed).	
(j)	Employee-wise details of options granted to		
	(i) Senior Managerial personnel		
<b>Sl.No.</b>	<b>Name of the KMP</b>	<b>Designation</b>	<b>No.of options granted</b>
1.	Mr. P.K. Madhav	Whole Time Director	45,000
2.	Mr. Systla Mohan Gurunath	Head (Strategic Business)	45,000
3.	Mr. Mallik Penmetsa	Head (International Business)	45,000
4.	Dr. Srinivas Reddy	Head (Corporate Strategy)	45,000
5.	Mr. Srinivas Sagi	Chief Information Officer	35,000
6.	Mr. Sudheer Mareddi	Head (Building and Structures)	35,000
7.	Mr. V.V.Rama Raju	Vice President, Finance	35,000
8.	Mr. B. Narasimha Rao	Vice President, Contracts and Claims	35,000
9.	Mr. I.K. Pantulu	Sr Vice President (Irrigation)	12,956
10.	Mr. Parthasarathy Chakrapani	Sr Vice President (Strategic Business Division)	10,000
11.	Mr. C. S. Raju	Vice President (Business Development)	11,086
12.	Mr. Y.V.K. Prasad	Vice President (Transmission & Distribution Division)	10,000
13.	Mr. Kumar Subramanian	Vice President (New Initiatives)	10,000
14.	Mr. H. Krishnan	Vice President (Procurement Division)	7,645
15.	Mr. P. Ajit Singh	General Manager (HR)	4,587
16.	Mr. T. Nagarjuna	Vice President (Planning)	3,822
17.	Mr. R.P. Sami	Sr General Manager (Plant & Equipment)	2,141

## Maytas Infra Limited

(formerly known as Maytas Infra Private Limited)

	(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	(i) Mr. P.K. Madhav, Whole Time Director (ii) Mr. Systla Mohan Gurunath, Head (Strategic Business) (iii) Mr. Mallik Penmetsa, Head (International Business) (iv) Dr. Srinivas Reddy, Head (Corporate Strategy) (v) Mr. Srinivas Sagi, Chief Information Officer (vi) Mr. Sudheer Mareddi, Head (Building and Structures) (vii) Mr. B. Narasimha Rao, Vice President, Contracts and Claims (viii) Mr. V.V.Rama Raju, Vice President, Finance.
	(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standards (AS 20) "Earnings Per Share"	Rs.11/-
(l)	a) The difference between the employee compensation cost calculated using the intrinsic value of the stock options and the employee compensation cost that would have been recognized if it had used the fair value of the options.	—
	b) The impact of this difference on the profits and on the EPS of the Company.	—
(m)	Weighted average exercise prices and weighted average fair values of options disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	—N.A.—
(n)	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information:	The fair value of the options granted have been calculated using the Black Scholes Method of Option valuation.
	i) risk-free interest rate	7.80% to 8.09%
	ii) expected life	Between 2.5 to 5.5 years
	iii) expected volatility	Since the company was unlisted at the time of grant, volatility has been taken as zero
	iv) expected dividends, and	Nil
	v) the price of the underlying share in market at the time of option grant.	Rs. 49.06 (based on a certificate by an independent valuer)

## Maytas Infra Limited

(formerly known as Maytas Infra Private Limited)

### Issue of Shares

With a view to raise the money from Capital market for the growth needs of the Company, the Company has filed the Draft Red Herring Prospectus of the Company with Securities Exchange Board of India (SEBI), Mumbai on Monday, 30th April, 2007 and the Company has received the observation letter from SEBI. The necessary applications filed with Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) on 4th May, 2007 for their in-principal approval for listing of the equity shares of the Company and the Company has already received the in-principal approval letters from BSE & NSE vide their letters dated 17th May, 2007 and 21st May, 2007 respectively. All other issue related work is in process.

### Auditors

M/s.S.R.Batliboi & Associates, Chartered Accountants and M/s.Krishna & Prasad, Chartered Accountants, the Joint Statutory Auditors, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letters from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 26 of the said Act.

### Particulars of Employees

Details in respect of remuneration to employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended are not furnished since no employee of the Company falls within the remuneration limits provided under the said section and rules.

### Employee Relations

The relations with the employees have been cordial throughout the year under review. Your Directors place on record their sincere appreciation in respect of the services rendered by the employees of the Company at all levels.

### Subsidiaries

During the year, the Company disposed off its equity held in its subsidiaries i.e., Maytas Infrasy Private Limited, Maytas Infratech Private Limited and Maytas Projects Private Limited, hence these companies are no more subsidiaries of Maytas Infra Limited.

During the year, the Company floated the following subsidiaries;

1. Maytas (Singapore) Holding Pte Ltd, Singapore.
2. Infratrade FZE, UAE

### Replies to the Audit Observations / Qualifications

- (a) With regard to Report of Auditors on Stand alone financials dated August 21, 2007.

Clause (iii)(b) to the Annexure referred in paragraph of the report, refers to interest free loans outstanding as at March 31, 2007.

The balance outstanding pertains to transactions undertaken in the earlier years, when the company was a private limited company, which involved both amounts taken from and given to such entities, repayable on demand with out interest. The balance outstanding as at March 31, 2007 reflects the status of such transactions.

Clause (vii) to the Annexure referred in paragraph of the report refers to internal audit by the Company.

The Company has initiated steps to augment the internal audit team and also to enlarge the scope and coverage of the internal audit system to be commensurate with the size and nature of its business.

Clause (ix) (a) to the Annexure referred in paragraph of the report refers to occasional delays in the deposit of withholding tax etc.

The Company has initiated steps to ensure timely remittance of withholding and other statutory dues.

- (b) With regard to Report of Auditors on Consolidated financials dated August 21, 2007.

Clause 5 to the Auditors' Report refers to accounting treatment of Investments made by the Company into Associate Enterprises.

For the fiscal year ended March 31, 2007, the Company prepared, for the first time, consolidated financial statements due to incorporation of new subsidiaries in the last fiscal quarter of the year.

The qualification addresses a difference of opinion and professional judgment with the management of the Company. The qualification relates to the accounting treatment of the Company's investment into equity of certain Associates which, with one exception, are the Project SPVs through which the Company carries out its infrastructure development business.

The difference of opinion is on whether the Company's contractual arrangements with co-sponsors of the Project SPVs result in a "significant influence (but not "joint control")

## Maytas Infra Limited

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triggering equity accounting under Accounting Standard (AS)-23, or result, as the joint auditors believe, in "joint control" triggering jointly controlled entity accounting under AS-27 involving line-by-line consolidation of proportionate share in the assets, liabilities, income and expenses of such Associates in the consolidated financials of the Company.

The Company believes that the contractual arrangements with the Associates are, by intent and purpose, in the nature of investments in Associates as defined in the AS 23 and not with a view to have "joint control" as per AS 27, based on all relevant facts and circumstances related to the projects carried out by the Project SPVs and the substance of the contractual arrangements and understanding among co-sponsors. Thus, based on the established principle of accounting that substance of a transaction prevails over form, the Company applied the equity method of accounting – which involves reflecting investor's share of the results of Associates' operations-under Accounting Standard AS-23 to its investments in these Associates.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO

Particulars as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988:

A. Details of Conservation:	Not Applicable
B. Technology Absorption:	Not Applicable
C. Foreign Exchange Earnings & Outgo:	(Rs)
Earned	Nil
Outgo	Rs.76,37,641/-

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that :-

- in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2007, the applicable accounting standards have been followed and that there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates

that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2007 and of the profit of the Company for the year ended on that date;

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the accounts on a going concern basis.

### DISCLOSURES:

There was no materially significant transaction with any related party that may have potential conflict with the interest of the Company at large, during the year.

There are no non-compliances by the Company, penalties, strictures imposed on the Company by any statutory authority on any matter(s) during the period under review.

### CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance.

### ACKNOWLEDGMENTS

Your Directors place on record their gratitude to the Bankers, Financial Institutions, various agencies of the State & the Central Government authorities, Clients, Consultants, Suppliers and the employees for their valuable support and co-operation and look forward for continued enriched relationships in the years to come.

For and on behalf of the Board

P K Madhav  
Whole Time Director

B Teja Raju  
Vice Chairman

Place : Hyderabad  
Date : August 21<sup>st</sup>, 2007.

## Report on Corporate Governance

The Company has taken steps to comply with such provisions, including with respect to the appointment of independent Directors on the Board and the constitution of the following committees of the Board: the Audit Committee, the Remuneration Committee and the Shareholders' / Investors' Grievance Committee.

The Company's Governance framework is based on the following main principles :

- Constitution of a Board of Directors of appropriate composition, size and commitment to discharge its responsibilities and duties.
- Ensuring timely flow of information to the Board and its Committees to enable them discharge their functions effectively.
- Transparency and accountability.
- Compliance with all the applicable laws and regulations.

### Board Composition and Particulars of Directors

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board of Directors of the Company (the Board) consists of 5 Directors, out of whom 3 are Independent Directors. The Board believes that its current composition is appropriate. Composition of the Board and the individual shareholding of the Directors as on 31<sup>st</sup> March, 2007 in the Company, are as follows:

Sl.No.	Name of the Director	Category	No.of Shares held as on 31 <sup>st</sup> March, 2007
1.	Shri R.C.Sinha	Independent Non-Executive Chairman	Nil
2.	Shri C.S.Mohan	Independent Non-Executive Director	Nil
3.	Dr R.P.Raju	Independent Non-Executive Director	Nil
4.	Shri B.Teja Raju	Non-Independent Executive Director	14,90,000
5.	Shri P.K.Madhav	Non-Independent Executive Director	Nil

### Brief Profile of the Directors

**R.C. Sinha**, 68 years, is the Chairman of the Company. He joined the Company in December 2006. He holds a law degree from the Delhi University and has a post-graduate diploma in urban development from the London University. He joined the Indian Administrative Services in 1962. From 1975 to 1982 he served as the Deputy Secretary and as the Director in the Ministry of Surface Transport and as an Executive Director, Association of State Road Transport Undertaking. From 1984 to June 1985 he served as the Secretary, Rural Development, Government of Maharashtra. From June 1985 to 1990 he served as the Joint Secretary in the Ministry of Information & Broadcasting, in-charge of radio and television. From 1990 to 1994 he was the Vice Chairman and Managing Director, City & Industries Development Corporation, Maharashtra. From 1994 to 1996 he was the Additional Chief Secretary, Urban Development and prior to that he was Additional Chief Secretary, Revenues & Forest Department, Government of Maharashtra. From 1997 to 2000 he served as the Vice Chairman and Managing Director of the Maharashtra State Road Development Corporation Limited (MSRDC). From 2000 to 2004 he served with the Government of Andhra Pradesh in the capacity of Director General, National Academy of Construction (N.A.C.), Hyderabad as the Special Chief Secretary. From August 2003 to May 2004 he served as Senior Advisor to the Government of Goa as the Special Chief Secretary. He has been the vice chairman and managing director of the Maharashtra Airport Development Company Limited since 2004.

**B. Teja Raju**, 28 years, is the executive Vice Chairman of the Company. He joined the Company in July, 2001. He holds a bachelor's degree in Computer Science and Engineering from PSG College of Technology, Coimbatore and a master's degree in Electronic Commerce from Carnegie Mellon University, Pittsburgh, USA. He has over six years of experience in Maytas Infra Limited in the construction and infrastructure development industry and is an active member of the Young Entrepreneurs Organisation.

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**P.K. Madhav**, 53 years, is the whole time director on the Board of the Company. He joined the Company in October 2006. He holds a bachelor's degree in commerce from University of Delhi and a master's degree in business management from the Faculty of Management Studies. He is also a member of the Institute of Company Secretaries of India, New Delhi. He has over 31 years of experience in finance, corporate planning and operations management. Prior to joining the Company, from 1975 to 1978 he worked with IDL Chemicals, Hyderabad as Deputy Manager – Finance. From 1978 to 1982 he worked with Radiant Cables Limited as Financial Controller. From 1982 to 2001 he worked with Nagarjuna Fertilizers and Chemicals Limited (NFCL) as Director – Finance. From 2001 to 2002 he was the President of Bharat Aluminium Company (BALCO). From 2002 to 2006 he worked with the Byrraju Foundation as Director and Lead Partner. He led a team of 40 professionals, 300 field staff and 2,500 full time volunteers. He was part of the management team that was responsible for formulating the group's strategic initiatives. He is currently responsible for overall operations of the Company.

**C.S. Mohan**, 67 years, is an independent director on the Board of the Company. He joined the Company in January 2007. He holds a graduate degree in metallurgical engineering from the Banaras Hindu University. He has post graduate diplomas in business management from the Institute of Management Studies, New Delhi and in international trade from the Board of Trade, Government of Australia. He has also completed the Advanced Management Program and the International Senior Management Program from Harvard Business School. He is presently working as an international management consultant in the fields of information technology and infrastructure for the past ten years. He was Chairman and Managing Director of the National Mineral Development Corporation (NMDC) for five years. He worked with Steel Authority of India Limited (SAIL) for 32 years in the fields of production, engineering, research and development, marketing, international trade and general management. He has over 45 years of experience in international trade, engineering and management.

**Dr. R.P. Raju**, 58 years, is an independent director on the Board of the Company. He joined the Company in January 2007. He holds a bachelor's degree in medicine from Rangaraya Medical College, Kakinada and a graduate degree from Madras Medical College, Chennai. He has over 32 years of experience in medical practice, planning, management and administration. He is a member of the American College of Radiology, the American Medical Association, the American College of Radiation Oncology and the American Cancer Society.

### Board Committees

Details of the Committees of the Board and other related information are provided hereunder:

#### Audit Committee

The Audit Committee was constituted. The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes,

internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

The present composition of the Audit Committee is as follows:

Name of the Director	Executive/Non-executive/Independent
C.S. Mohan (Chairman)	Independent director
Dr. R.P. Raju	Independent director
P.K. Madhav	Executive director

#### Remuneration Committee

The Remuneration Committee was constituted. The Remuneration Committee's goal is to ensure that the Company attracts and retains highly qualified employees in accordance with its business plans, that the Company fulfils its ethical and legal responsibilities to its employees, and that management compensation is appropriate.

The present composition of the Remuneration Committee is as follows:

Name of the Director	Executive/Non-executive/Independent
R.C. Sinha (Chairman)	Independent director
C.S. Mohan	Independent director
Dr. R.P. Raju	Independent director

#### Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee was constituted. The Shareholders' / Investors' Grievance Committee is responsible for the redressal of investor grievances, share transfers etc.

The present composition of the Shareholders' / Investors' Grievance Committee is as follows:

Name of the Director	Executive/Non-executive/Independent
Dr. R.P. Raju (Chairman)	Independent director
B. Teja Raju	Executive director
P.K. Madhav	Executive director

The Company undertakes to take all necessary steps to comply with all the requirements of the guidelines on corporate governance and adopt the corporate governance code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges, as would be applicable to the Company upon the listing of its Equity Shares.

## AUDITORS' REPORT

### To

### The Members of Maytas Infra Limited (Formerly known as Maytas Infra Private Limited)

1. We have audited the attached Balance Sheet of Maytas Infra Limited as at March 31, 2007 and also the Profit and Loss Account and 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. Those 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. The accompanying financial statements include the Company's share of profits aggregating to Rs. 76.16 Million (March 31, 2006 : Rs.97.58 Million) from Integrated Joint Ventures in which the Company is a co-venturer. The financial statements of these Joint Venture entities as at and for the year ended March 31, 2007 were audited by other firms of professional accountants. We have relied on the audit reports provided by these firms.
4. 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.
5. Further to our comments in the Annexure referred to 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 account 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 and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- v. on the basis of the written representations received from the directors, as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 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 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 March 31, 2007;
  - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Krishna & Prasad  
Chartered Accountants**

per **B.Vijaya Prasad**  
Partner  
Membership No.: 18791

Hyderabad  
August 21, 2007

**For S. R. Batliboi & Associates  
Chartered Accountants**

per **Ali Nyaz**  
Partner  
Membership No.: 200427

Hyderabad  
August 21, 2007

## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 4 of our report of even date  
Re: Maytas Infra Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) Management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted interest free loans to seventeen companies listed in the register maintained under section 301 of the Companies Act, 1956 maximum amount involved during the year was Rs. 360.85 Million and the aggregate balance as at March 31, 2007 was Rs. 257.32 Million.
- (b) *According to the information and explanations given to us, other than loans referred in clause (iii) (a) which are repayable on demand, the Company did not grant any loans to companies listed in the register maintained under section 301 of the Companies Act, 1956 the terms of which are prima facie prejudicial to the interests of the Company.*
- (c) The loans granted are repayable on demand. As informed, the Company has not demanded repayment of any such loan during the year, thus, there has been no default on the part of the parties to whom the money has been lent.
- (d) The loans granted are repayable on demand. As informed, the Company has not demanded repayment of the loans during the year, thus, there is no overdue amount of loan granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The Company had accepted loans from three companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 450 Million and the aggregate balance of loans taken from such parties as at March 31, 2007 was Rs. 0.10 Million.
- (f) In our opinion, and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest where applicable, has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by Management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system, *the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.*
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

## Maytas Infra Limited

(formerly known as Maytas Infra Private Limited)

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess have been regularly deposited with the appropriate authorities *except for certain significant delays in the remittance of withholding taxes and certain slight delays in the remittance of provident fund and Employee state insurance fund dues.*
- (b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.Million)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	13.56	AY 2004-05	Appellate Tribunal

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by Management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of

the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by Management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Krishna & Prasad  
Chartered Accountants**

per **B.Vijaya Prasad**  
Partner  
Membership No.: 18791

Hyderabad  
August 21, 2007

**For S. R. Batliboi & Associates  
Chartered Accountants**

per **Ali Nyaz**  
Partner  
Membership No.: 200427

Hyderabad  
August 21, 2007

## Balance Sheet as at March 31, 2007

(All amounts in Rs. Million except for share data or as otherwise stated)

	Schedule	As at March 31, 2007		As at March 31, 2006	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share capital	1	500.00		100.00	
Reserves and surplus	2	2,152.63		2,079.93	
			2,652.63		2,179.93
<b>Loan Funds</b>					
Secured loans	3	2,553.62		724.66	
Unsecured loans	4	1,749.24		341.01	
			4,302.86		1,065.67
Deferred tax liability (net)	5		56.38		14.89
<b>Total</b>			<b>7,011.87</b>		<b>3,260.49</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>	6				
Gross block		1,507.47		560.21	
Less: Accumulated Depreciation		251.42		145.38	
Net block		1,256.05		414.83	
Capital work-in-progress (including capital advances)		390.04		27.14	
			1,646.09		441.97
<b>Investments</b>	7		1,690.10		961.54
<b>Current Assets, Loans and Advances</b>					
Inventories	8	873.40		101.29	
Cash and Bank balances	9	548.10		215.40	
Sundry debtors	10	2,283.78		800.19	
Loans and advances	11	2,291.14		1,591.54	
			5,996.42		2,708.42
<b>Less: Current Liabilities and Provisions</b>					
Liabilities	12	2,256.56		818.87	
Provisions	13	64.18		32.57	
			2,320.74		851.44
<b>Net Current Assets</b>			3,675.68		1,856.98
<b>Total</b>			<b>7,011.87</b>		<b>3,260.49</b>
<b>Notes to Accounts</b>	21				

The schedules referred to above form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date.

**Krishna & Prasad**  
Chartered Accountants

**S R Batliboi & Associates**  
Chartered Accountants

**For and on behalf of the Board of Directors of**  
**Maytas Infra Limited**

per **B Vijaya Prasad**  
Partner  
Membership No.: 18791

per **Ali Nyaz**  
Partner  
Membership No.: 200427

**B Teja Raju**  
Vice Chairman

**P K Madhav**  
Whole time Director

Place : Hyderabad  
Date : August 21, 2007

**VVR Raju**  
Chief Financial Officer

**J Veerraju**  
Company Secretary

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

(All amounts in Rs. Million except for share data or as otherwise stated)

	Schedule	For the year ended March 31, 2007		For the year ended March 31, 2006	
<b>INCOME</b>					
Contract revenues	14	7,876.71		3,960.61	
Less : Company's share of turnover in integrated Joint Ventures		1,866.65		1,729.87	
			6,010.06		2,230.74
Other income	15		39.01		10.46
Accretion/(Decretion) to Work in progress	16		357.67		(9.22)
			<b>6,406.74</b>		<b>2,231.98</b>
<b>EXPENDITURE</b>					
Material consumed	17		1,658.69		352.35
Personnel expenses	18		207.64		74.53
Contract, administrative and selling expenses	19		3,538.18		1,430.51
Financial expenses	20		176.89		75.98
Depreciation	6		113.10		46.36
			<b>5,694.50</b>		<b>1,979.73</b>
Add : Company's share in Profit/(Loss) in integrated Joint Ventures			76.16		97.58
<b>Profit before tax</b>			<b>788.40</b>		<b>349.83</b>
Provision for taxation					
- Current tax			210.00		96.15
- Fringe benefit tax			4.50		1.33
- Deferred taxes of earlier years			11.21		-
- Deferred tax			30.28		(0.93)
- Taxes for earlier years			1.21		28.66
			<b>257.20</b>		<b>125.21</b>
<b>Profit after tax</b>			<b>531.20</b>		<b>224.62</b>
Add: Balance brought forward from previous years			2,064.70		1,851.48
<b>Appropriations</b>					
Transfer to general reserve			450.00		-
Proposed dividend			50.00		10.00
Dividend tax			8.50		1.40
<b>Surplus carried to Balance Sheet</b>			<b>2,087.40</b>		<b>2,064.70</b>
<b>Earnings per share (in Rupees)</b>					
Basic			11		4
Diluted			11		4
Nominal value			10		10
<b>Notes to Accounts</b>	<b>21</b>				

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

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

**Krishna & Prasad**  
Chartered Accountants

**S R Batliboi & Associates**  
Chartered Accountants

**For and on behalf of the Board of Directors of  
Maytas Infra Limited**

per **B Vijaya Prasad**  
Partner  
Membership No.: 18791

per **Ali Nyaz**  
Partner  
Membership No.: 200427

**B Teja Raju**  
Vice Chairman

**P K Madhav**  
Whole time Director

Place : Hyderabad  
Date : August 21, 2007

**VVR Raju**  
Chief Financial Officer

**J Veerraju**  
Company Secretary

## Cash flow statement for the year ended March 31, 2007

(All amounts in Rs. Million except for share data or as otherwise stated)

	2006-07	2005-06
<b>A. Cash flow from operating activities</b>		
Net profit before taxation	788.40	349.83
<b>Adjustments for:</b>		
Share of joint venture profits	(76.16)	(97.58)
Depreciation	113.10	46.36
Foreign exchange loss (net)	0.03	0.00
Provision for Retirement benefits	4.50	1.19
Interest income	(47.13)	(8.40)
(Profit)/Loss on sale of assets	0.29	5.52
Interest expense	162.39	51.32
<b>Operating profit before working capital changes</b>	<b>945.42</b>	<b>348.24</b>
Movements in working capital :		
Decrease / (Increase) in sundry debtors	(1,483.59)	(158.16)
Decrease / (Increase) in inventories	(772.11)	(21.02)
Decrease / (Increase) loans and advances	(548.41)	(190.12)
Increase / (Decrease) in current liabilities	1411.82	176.55
Cash (used in) / from operations	<b>(446.87)</b>	<b>155.49</b>
Direct taxes paid (net of refunds)	(203.27)	(32.31)
<b>Net cash (used in) / from operating activities (A)</b>	<b>(650.14)</b>	<b>123.18</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(1,254.46)	(301.19)
Sale of fixed assets	1.27	9.39
Purchase of investments	(665.60)	(384.45)
Share application money	(165.39)	7.15
Sale of investments	0.28	122.19
Short term deposits	(27.02)	(14.73)
Interest received	28.91	4.74
<b>Net cash used in investing activities (B)</b>	<b>(2,082.01)</b>	<b>(556.90)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from long-term borrowings	3,161.12	525.85
Proceeds from short-term borrowings	683.49	59.65
Repayment of long-term borrowings	(651.81)	(69.34)
Interest paid	(143.57)	(51.32)

## Cash flow statement (contd.) for the year ended March 31, 2007

(All amounts in Rs. Million except for share data or as otherwise stated)

	2006-07	2005-06
Dividends paid	(10.00)	(10.00)
Tax on dividend paid	(1.40)	(1.31)
<b>Net cash from financing activities (C)</b>	<b>3,037.83</b>	<b>453.53</b>
<b>Net increase/(Decrease) in cash and cash equivalents (A + B + C)</b>	<b>305.68</b>	<b>19.81</b>
<b>Cash and cash equivalents - As at April 1, 2006</b>	<b>69.81</b>	<b>50.00</b>
<b>Cash and cash equivalents - As at March 31, 2007</b>	<b>375.49</b>	<b>69.81</b>
<b>Notes to the Cashflow statement</b>		
Cash and bank balances as per Balance Sheet	548.10	215.40
Less : Deposits considered under investing activity	172.61	145.59
Cash and cash equivalents considered for cashflows	<b>375.49</b>	<b>69.81</b>

This is the cash flow statement referred in our report of even date.

**Krishna & Prasad**  
Chartered Accountants

per **B Vijaya Prasad**  
Partner  
Membership No.: 18791

Place : Hyderabad  
Date : August 21, 2007

**S R Batliboi & Associates**  
Chartered Accountants

per **Ali Nyaz**  
Partner  
Membership No.: 200427

**For and on behalf of the Board of Directors of**  
**Maytas Infra Limited**

**B Teja Raju**  
Vice Chairman

**VVR Raju**  
Chief Financial Officer

**P K Madhav**  
Whole time Director

**J Veerraju**  
Company Secretary

## Schedules to Balance Sheet

(All amounts in Rs. Million except for share data or as otherwise stated)

	As at March 31, 2007	As at March 31, 2006
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>Authorised</b> 75,000,000 (March 31, 2006: 1,000,000 equity shares of Rs 100 each) equity shares of Rs.10 each	<b>750.00</b>	<b>100.00</b>
<b>Issued, subscribed and paid up</b> 50,000,000 (March 31, 2006: 1,000,000 equity shares of Rs 100 each) equity shares of Rs.10 each (of the above equity shares 40,000,000 equity shares of Rs.10 each were allotted as bonus shares by capitalisation of reserves)	<b>500.00</b>	<b>100.00</b>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>		
<b>General Reserve</b>		
Balance as per last Balance Sheet	15.23	15.23
Add: Transferred from Profit and Loss Account	450.00	-
	465.23	15.23
Less: Issue of bonus shares	400.00	-
	<b>65.23</b>	<b>15.23</b>
Profit and Loss Account balance	2,087.40	2,064.70
	<b>2,152.63</b>	<b>2,079.93</b>
<b>SCHEDULE 3 : Secured loans</b>		
From Banks		
Term loans (Repayable within one year Rs.878.00 Million (March 31, 2006 : Rs. 69.52 Million))	1,411.04	422.66
Working Capital Loans	935.46	251.97
From others (Repayable within one year Rs.155.17 Million (March 31, 2006 : Rs.25.12 Million))	203.66	50.03
Interest accrued and due	3.46	-
	<b>2,553.62</b>	<b>724.66</b>
<b>SCHEDULE 4 : Unsecured loans</b>		
Loans from Directors	-	5.53
Others	0.63	27.69
Finance lease obligation	40.73	-
Mobilisation advance (Repayable within one year - Rs Nil (March 31, 2006 : Rs Nil))	1,707.88	307.79
	<b>1,749.24</b>	<b>341.01</b>
<b>SCHEDULE 5 : Deferred tax liability (net)</b>		
Deferred tax liability on account of depreciation	58.31	14.89
Deferred tax asset on account of retirement benefits	(1.93)	-
	<b>56.38</b>	<b>14.89</b>

## Schedules to Balance Sheet

### SCHEDULE 6 : FIXED ASSETS

(All amounts in Rs. Million except for share data or as otherwise stated)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			Net block		
	As at April 1, 2006	Additions during the year	Deletions during the year	As at March 31, 2007	As at April 1, 2006	For the year	On Sales / Adjustments	As at March 31, 2007	As at March 31, 2006
Land	21.59	9.43	-	31.02	-	-	-	31.02	21.59
Buildings	-	1.68	-	1.68	-	0.01	-	1.67	-
Temporary erections	6.35	71.37	-	77.72	6.35	10.73	-	60.64	-
Lease hold improvements *	-	40.90	-	40.90	-	0.68	-	40.22	-
Plant and machinery - Construction equipment	441.91	790.11	8.63	1,223.39	105.71	84.63	7.06	1,040.11	336.20
Office equipment	10.53	7.05	-	17.58	3.22	0.78	-	13.58	7.31
Tools and implements	5.81	5.85	-	11.66	5.81	5.85	-	-	-
Computers	14.21	10.82	-	25.03	4.61	2.55	-	17.87	9.60
Furniture and fixtures	12.65	4.55	-	17.20	4.14	3.25	-	9.81	8.51
Vehicles	47.16	14.13	-	61.29	15.54	4.62	-	41.13	31.62
<b>Grand Total</b>	<b>560.21</b>	<b>955.89</b>	<b>8.63</b>	<b>1,507.47</b>	<b>145.38</b>	<b>113.10</b>	<b>7.06</b>	<b>1,256.05</b>	<b>414.83</b>
Previous Year	310.95	274.05	24.79	560.21	108.90	46.36	9.88	414.83	-

\* Note : Lease hold improvements represent fixtures taken on finance lease.

## Schedules to Balance Sheet

(All amounts in Rs. Million except for share data or as otherwise stated)

	Face Value (Rs.)	As at March 31, 2007		As at March 31, 2006
		Number	Amount	Amount
<b>Schedule 7 : Investments (Unquoted)</b>				
<b>Long term (At cost)</b>				
<b>A. Trade - Equity shares (fully paid up)</b>				
1. Gautami Power Limited* (14,397,217 shares invested during the year)	10	74,487,217	744.87	600.90
2. SSJV Projects Private Limited @	10	100	0.00	0.00
<b>B. Other than trade - in subsidiaries - Equity shares (fully paid up)</b>				
1. Maytas Projects Private Limited	100	-	-	0.09
2. Maytas Infratech Private Limited	100	-	-	0.09
3. Maytas Infrasy Private Limited	100	-	-	0.09
4. Infratrade FZE UAE	DHM 1,00,000	1	1.22	-
<b>C. Investments in associates/joint ventures in Equity shares (fully paid up)</b>				
1. Brindavan Infrastructure Company Limited**	10	9,999,925	100.00	100.00
2. KVK Power and Infrastructure Private Limited	10	4,000,000	40.00	40.00
3. Bangalore Elevated Tollway Limited (2,902,320 shares invested during the year)	10	2,982,520	291.03	0.80
4. Western UP Tollway Limited (2,233,500 shares invested during the year)	10	2,458,500	225.60	2.25
5. Dhahi Maytas Contracting LLC	DHM 1000	147	1.80	-
6. KVK Nilachal Power Private Limited (250,000 shares invested during the year)	10	250,000	2.50	-
7. Himachal Sorang Power Private Limited (3,300 shares invested during the year)	10	3,300	0.03	-
8. S V Power Private Limited (250,000 shares invested during the year)	10	250,000	2.50	-
<b>in Preference shares (fully paid up)</b>				
1. Brindavan Infrastructure Company Limited**	100	500,000	50.00	50.00
<b>in partnership firms/ AOP#</b>				
1. Maytas - NCC (JV) - AOP			178.11	106.36
2. NCC - Maytas (JV) - AOP			18.27	17.59
3. NEC - NCC - Maytas (JV) - AOP			7.42	7.14

## Schedules to Balance Sheet

(All amounts in Rs. Million except for share data or as otherwise stated)

Face Value (Rs.)	As at March 31, 2007 Number	As at March 31, 2007 Amount	As at March 31, 2006 Amount
<b>Schedule 7 : Investments (Unquoted) (contd.)</b>			
4. IJM - SCL (partnership firm)			
Joint Venture formed with M/s IJM Corporation, Bhd for execution of Mumbai-Pune express highway in Maharashtra on 50:50 basis. (Share of profit/(Loss) for the years 2005 - 06 and 2006 - 07 amounting to Rs. (7.93 Million) reinvested, total capital of the firm : Rs.50 Million)		2.87	10.80
5. NCC - Maytas (JV) - AOP		23.88	25.43
<b>Current investments</b> (At lower of cost or market value)			
1. Maytas (Singapore ) Holding Pte Limited @ S\$ 1	1	0.00	-
		<b>1,690.10</b>	<b>961.54</b>
<p># Includes Company's share of profit in such entities reinvested</p> <p>* The shares are subject to Non-disposal undertaking furnished in favour of the Power Finance Corporation. Further, shares to the extent of 38,124,162 have been pledged with the said Corporation for the term loan availed by Gautami Power Limited</p> <p>** The shares have been pledged in favour of Infrastructure Development Finance Company Ltd and Corporation Bank for the term loan availed by Brindavan Infrastructure Company Limited</p> <p>Aggregate value of unquoted investments Rs. 1690.10 Million (March 31, 2006 : Rs.961.54 Million)</p> <p>@ investment amount is less than Rs. 0.01 Million</p>			
<b>Schedule 8 : Inventories</b>			
Stock- in-trade		479.12	64.68
Work-in-progress		394.28	36.61
		<b>873.40</b>	<b>101.29</b>
<b>Schedule 9 : Cash and Bank balances</b>			
Cash on hand		1.59	2.11
Balances with scheduled banks			
- on current accounts		335.76	66.09
- on margin money deposits*		146.13	122.59
- on deposits		26.48	23.00
Balances with non scheduled banks			
- on current accounts with Manvi Pattana Souharda Sahakara bank Niyamitha		0.03	0.61
(maximum amount outstanding during the year Rs. 7.60 Million (March 31, 2006 : Rs. 19.98 Million))			
Cheques in transit		38.11	1.00
* lodged with authorities			
		<b>548.10</b>	<b>215.40</b>

## Schedules to Balance Sheet

(All amounts in Rs. Million except for share data or as otherwise stated)

	As at March 31, 2007	As at March 31, 2006
<b>Schedule 10 : Sundry debtors - (Unsecured)</b> (Refer note 8 on Schedule 21)		
Debts outstanding for a period exceeding six months		
Considered good*	394.65	231.73
Considered doubtful	-	-
Other debts		
Considered good*	1,889.13	568.46
Considered doubtful	-	-
* (includes retention money exceeding six months : Rs. 195.44 Million (March 31, 2006 : Rs. 118.92 Million) retention money not exceeding six months : Rs.263.76 Million (March 31, 2006 : Rs. 44.71 Million))		
	<b>2,283.78</b>	<b>800.19</b>
<b>Schedule 11 : Loans and advances (Unsecured, considered good)</b> (Refer note 9 on Schedule 21)		
Dues from Joint Ventures	372.34	205.59
Advances recoverable in cash or kind or for value to be received*	882.77	646.53
Inter corporate Loans	251.45	-
Other receivables	431.86	576.86
Deposits	88.61	120.48
Interest accrued	21.88	3.65
Unamortised exchange premium	3.98	-
Sales tax deducted at source	111.72	38.43
Service tax	0.92	-
Advance tax (Net of provision)	125.61	-
* includes share application money aggregating to Rs.169.40 Million (March 31, 2006: Rs. 4.01 Million) towards various investments proposed to be made by the Company		
	<b>2,291.14</b>	<b>1,591.54</b>
<b>Schedule 12 : Liabilities</b>		
Sundry creditors	689.48	246.33
Advances from customers	2.85	-
Dues to Joint ventures	54.52	30.89
Dues to Sub-Contractors	1,100.18	315.15
Other liabilities	158.34	76.32
Security deposits payable	235.83	150.18
Interest accrued but not due	15.36	-
	<b>2,256.56</b>	<b>818.87</b>
<b>Schedule 13 : Provisions</b>		
Proposed dividend	50.00	10.00
Dividend tax	8.50	1.40
For taxation ( Net of advance tax)	-	19.18
For fringe benefit tax (Net of advance payments)	-	0.80
For retirement benefits	5.68	1.19
	<b>64.18</b>	<b>32.57</b>

## Schedules to Profit and Loss Account

(All amounts in Rs. Million except for share data or as otherwise stated)

	For the year ended March 31, 2007	For the year ended March 31, 2006
<b>Schedule 14 : Contract Revenues</b>		
Revenue from contracts	7,763.54	3,932.72
Equipment hire charges	113.17	27.89
	<b>7,876.71</b>	<b>3,960.61</b>
<b>Schedule 15 : Other income</b>		
Interest income (Gross)	35.14	8.40
(Tax deducted at source : Rs. 10.15 Million (March 31,2006 Rs. 1.78 Million))		
Miscellaneous receipts	3.53	1.48
Profit on sale of assets	0.34	0.58
	<b>39.01</b>	<b>10.46</b>
<b>Schedule 16 : Accretion/ (Decretion) in work-in-progress</b>		
Opening work-in-progress	36.61	45.83
Closing work-in-progress	394.28	36.61
	<b>357.67</b>	<b>(9.22)</b>
<b>Schedule 17 : Material consumed</b>		
Opening stock	64.68	35.17
Add: Purchases	2,073.13	381.86
	2,137.81	417.03
Less: Closing stock	479.12	64.68
	<b>1,658.69</b>	<b>352.35</b>
<b>Schedule 18 : Personnel expenses</b>		
Salaries, bonus and other allowances	184.80	68.63
Contribution to provident fund and others	7.35	3.32
Staff welfare expenses	9.81	2.58
Retirement benefits	5.68	-
	<b>207.64</b>	<b>74.53</b>

## Schedules to Profit and Loss Account

(All amounts in Rs. Million except for share data or as otherwise stated)

	For the year ended March 31, 2007	For the year ended March 31, 2006
<b>Schedule 19 : Contract, Administrative and Selling expenses</b>		
Site expenses	41.03	9.75
Subcontractor expenses	3,048.37	1,250.09
Wages and benefits to workers	43.44	13.22
Insurance	17.28	4.62
Insurance - others	2.50	1.72
Power and fuel	32.25	1.02
Repairs and maintenance		
Plant and machinery	67.82	30.92
Others	9.20	6.74
Sales tax	90.68	34.55
Service tax	31.50	18.02
Rent	23.91	8.11
Rates and taxes	5.05	2.63
Office maintenance	15.37	5.15
Communication expenses	9.96	3.76
Printing and stationery	6.69	3.60
Legal and professional charges	26.39	3.17
Loss on sale of assets	0.63	6.11
Loss on exchange fluctuation	3.20	-
Tender expenses	10.01	8.30
Business promotion	4.87	1.82
Donations	0.90	0.05
Travelling and conveyance	37.44	14.51
<b>Auditors' remuneration (inclusive of service tax) :</b>		
as Auditors	3.37	0.22
Taxation	0.18	0.03
Certification	0.02	0.02
Membership and subscription	0.62	0.09
Staff recruitment expenses	2.48	1.56
Miscellaneous expenses	3.02	0.73
	<b>3,538.18</b>	<b>1,430.51</b>
<b>Schedule 20 : Financial expenses</b>		
Interest on fixed period loans	90.64	12.98
Interest others	70.97	
Less : Interest received from Joint Venture (Gross)	12.00	
(TDS Rs.2.69 Million (March 31, 2006 :Rs.Nil))		
Lease finance charges	0.78	-
Bank charges	26.50	24.66
	<b>176.89</b>	<b>75.98</b>

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007

(All amounts in Rs. Million except for share data or as otherwise stated)

### 1. Nature of operations

Maytas Infra Limited (the 'Company') is a Company registered under Indian Companies Act, 1956. The Company is primarily engaged in the business of construction of roads, irrigation projects, buildings, industrial structures and power sector. The shareholders at their extra-ordinary general meeting held on December 30, 2006 passed a resolution for conversion of the Company from private limited company to public limited company.

### 2. Statement of significant accounting policies

#### a. Basis of preparation

The accompanying financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and except for the changes therein discussed below, are consistent with those used in the previous year.

#### b. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

- i. Revenue from long term construction contracts is recognized on the percentage of completion method. Percentage of completion is determined on the basis of surveys performed. However, profit is not recognized unless there is reasonable progress on the contract. Where the total cost of a contract, based on technical and other estimates is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income statement of the period in which revisions are made. The revenue on account of claims is accounted for based on Management's estimate of the probability that such claims would be admitted either wholly or in part.

- ii. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Dividend is recognised as and when the right to receive payment is established.
- iv. Income from currency swaps and other similar instruments are recorded upon settlement or termination of the relevant contracts.
- v. Income from investments made in integrated joint ventures registered in the form of partnership firms or AOPs are classified as Jointly Controlled Entities [in terms of Accounting Standard (AS)-27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India] and Company's share in profit/losses of the respective entities is recognized on accrual basis.

#### c. Fixed assets

- i. Fixed assets are stated at cost less accumulated depreciation, impairment losses and specific grant/subsidies, if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.
- ii. Depreciation is provided on straight line method, based on useful life of the assets as estimated by the Management which coincides with rates prescribed under Schedule XIV to the Companies Act, 1956.
- iii. Assets costing Rs. 0.00 Million or less are fully depreciated in the year of purchase.

Depreciation on the following fixed assets is provided on a straight-line basis, at the rates that are higher than those specified in Schedule XIV to the Companies Act, 1956 and are based on useful lives as estimated by Management. The useful lives determined are as follows.

- iv. Tools and implements are depreciated fully in the year of purchase.

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

- v. Plant and machinery – construction equipment at project sites is depreciated at the rate of 11.3 percent.
- vi. Temporary erections in the form of sheds, camps etc are depreciated over the period of the respective project.

### d. Investments

- i. Investments in readily realisable securities that are intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.
- ii. Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments. Current investments are carried at lower of cost and market value determined on individual investment basis.

### e. Inventories

- i. Materials at site are valued at the lower of cost and estimated net realizable value. Cost is determined on a weighted average basis.
- ii. Work – in – progress related to project and construction is valued at cost till such time the outcome of the related project is ascertained reliably and at contractual rates thereafter.

Net realisable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.

### f. Retirement and other employee benefits

- i) The Company's contribution to Provident Fund is recognised on accrual basis.
- ii) Liability towards gratuity and leave encashment is provided on the basis of an actuarial valuation carried out at the end of each financial year.

### g. Income taxes

Tax expense consists of current, deferred and fringe benefit taxes. Current income tax and fringe benefit

tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Where the Company has carry forward of unabsorbed depreciation or tax losses deferred tax assets are recognized only if it is virtually certain backed by convincing evidence that such deferred tax assets can be realized against future taxable profits.

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become virtually certain that future taxable income will be available against which such deferred tax assets can be realised.

### h. Foreign currency transactions

#### *Initial recognition*

- i. Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction. Exchange rate differences are recognized in the profit and loss account.

#### *Conversion*

- ii. Foreign currency monetary items are reported at contract rates and/or at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

### **Forward exchange contracts not intended for trading or speculation purposes**

- iii. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense of the year.

### **i. Leases**

#### **Where the Company is a Lessee**

- a) Leases, where the substantial risks and benefits incidental to ownership of the leased item are transferred to the Company, are classified as finance leases. Assets under finance leases, where there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized assets are depreciated over the tenure of the lease or estimated useful life of the asset whichever is shorter.
- b) Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.
- c) Assets acquired under finance lease are depreciated on straight line basis over the lease term.

#### **Where the Company is a Lessor**

Assets under operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

### **j. Accounting for joint ventures**

Accounting for Investment in joint ventures being Jointly Controlled Entities, are accounted for in accordance with the requirements of AS – 27 "Financial

Reporting of Interests in Joint Venture" issued by the Institute of Chartered Accountants of India. The net investment in the integrated Joint ventures is reflected as investment, loans and advances or current liabilities.

### **k. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average of number of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **l. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date 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 asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### **m. Provisions**

A provision is recognised when the Company has a present obligation as a result of past event i.e., 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 its present value 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.

### **3. Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 348.12 Million (March 31, 2006 - Nil).

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

### 4. Contingent liabilities not provided for

	March 31, 2007	March 31, 2006
a) Claims against the Company not acknowledged as debts	14.20	-
b) Outstanding bank guarantees (excluding performance obligations)	1,758.80	1,643.48
c) Guarantees issued by bankers, financial institutions on behalf of the Company toward performance obligations	1,601.00	1,122.80
d) Outstanding letter of credit	281.56	-
e) Direct and Indirect taxes	95.75	64.24
f) Corporate guarantee given on behalf of associates	100.00	100.00

### 5. Share capital

#### Employee stock option scheme

The Company instituted an Employee Stock Option Plan "ESOP-2007" as per the special resolution passed at the Extra Ordinary General Meeting held on March 30, 2007. This scheme has been formulated in accordance with the provisions of Section 81(1A) and any other provision of the Companies Act, 1956 and subject to the provisions of the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Compensation committee on April 14, 2007 granted options of 644,967 Equity Shares of the Company to eligible employees. Each option comprises of one underlying Equity Share of Rs.10/- each fully paid up. The said options vest on an annual basis at 20%, 20%, 30% and 30% over a period of four years and shall be capable of being exercised within a period of three years from date of vesting. The options are granted at an exercise price equal to the issue price of the Company's shares determined through an Initial Public Offer.

### 6. Secured loans

- Term loans availed in respect of specific projects are secured by a first charge on the present and future movable assets and current assets related to the project.
- All term loan facilities from various banks are secured by a pari passu charge on the movable and current assets of the Company and are guaranteed by the Directors.
- Working capital facilities are secured by pari passu charge on the current assets of the Company.
- Secured loans aggregating to Rs. 1787.71 Million (March 31, 2006 – Rs. 525.71 Million) are personally

guaranteed by the Vice-chairman and Directors of the Company.

- Other loans are secured by way of hypothecation of the related assets.

### 7. Changes in accounting policies

In the current year, the Company has changed its method of providing for retirement benefits, from payment basis to actuarial basis as per Accounting Standard 15 – "Accounting for retirement benefits in the Financial Statements of Employers" issued by the Institute of Chartered Accountants of India. Had the Company continued to use the earlier basis of providing retirement benefits, profit before tax for the current year would have been higher by Rs. 4.45 Million and provision for retirement benefits would have been lower Rs. 4.45 Million .

### 8. Sundry debtors

- Sundry debtors as at March 31, 2007 include certain claims aggregating to Rs. 144.75 Million (March 31, 2006 – Rs. 165.10 Million), recognized in the earlier years based on the terms and conditions implicit in the respective contracts. Since these claims are technical in nature and are the subject matter of arbitration/dispute, the Company has obtained an opinion on the recoverability of such claims from its legal counsel. Accordingly, no provision is considered necessary in respect of such claims.
- Sundry debtors as at March 31, 2007 include debt amounting to Rs.52.84 Million (March 31, 2006 – Rs.59.62 Million) due from Maytas Hill County Private Limited in which a Director of the Company is a Director.

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

### 9. Loans and advances

- a. Loans and advances include amounts receivable from Maytas Holdings Private Limited a company under same management aggregating to Rs. 14.14 Million (Maximum amount outstanding during the year Rs. 15.14 Million) (March 31, 2006 – Rs. Nil, Maximum outstanding during the year Rs. Nil).
- b. Advances due from companies in which a Director of the Company is a Director:

Name of the party	March 31, 2007	March 31, 2006	Maximum amount outstanding during the year	
			2006-07	2005-06
Continental Thermites Private Limited	0.01	0.01	0.01	0.01
Maytas Infrasy Private Limited	0.03	0.03	0.03	0.03
Maytas Infratech Private Limited	34.78	34.78	34.78	34.78
Maytas Projects Private Limited	36.77	36.77	36.77	36.77
Maytas Properties Private Limited	0.43	122.91	122.95	122.91
Samrat Marine Products Private Limited	2.42	2.42	2.42	2.42
SRSR Advisory Services Private Limited	0.03	0.03	0.03	0.03
SSJV Projects Private Limited	44.95	24.95	45.14	27.25

- c. Dues from joint ventures includes an amount of Rs. 118.28 Million (March 31, 2006 – Rs. 128.20 Million) due from IJM SCL JV, a partnership firm in which the Company is a partner.

### 10. Deferred taxes

Deferred taxes comprise:

	March 31, 2007	March 31, 2006
Deferred tax liability on account of depreciation	58.31	14.89
Deferred tax asset on account of retirement benefits	1.93	-
<b>Net Deferred tax liability</b>	<b>56.38</b>	<b>14.89</b>

### 11. In terms of the disclosures required to be made under the accounting standard (AS) 7 (revised 2002) issued by the Institute of Chartered Accountants of India for "Construction Contracts":

	2006-07	2005-06
Contract revenue recognised	6,010.06	2,230.74
Contract cost incurred and recognised profits (less recognised losses) for contracts in progress	5,331.38	1,682.00

Advances received for contracts in progress	1,706.08	307.79
Amount of retention for contracts in progress	392.34	163.63
Gross amount due from customers for contract work	2,283.78	800.19
Gross amount due to customers for contract work	2.84	-

### 12. Remuneration to whole-time directors (included in Schedule 18)

	2006-07	2005-06
Salary	4.26	3.74
Contribution to provident fund	0.50	0.44
<b>Total</b>	<b>4.76</b>	<b>4.18</b>

Note

The above figures do not include provision for retirement benefits, as the same is actuarially determined for the Company as a whole.

**Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)**

(All amounts in Rs. Million except for share data or as otherwise stated)

**13. The Company has not dealt with any party as defined under the provisions of Micro, Small and Medium Enterprises Development Act, 2006.**

**14. Related party transactions (not disclosed elsewhere in these financial statements)**

**a) Transactions with related parties during the year**

	2006-07	2005-06
<b>A. Subsidiaries</b>		
1. <b>Maytas Infrasys Private Limited *</b>	0.00	0.00
2. <b>Maytas Infratech Private Limited *</b>	0.00	20.01
3. <b>Maytas Projects Private Limited *</b>	0.00	20.03
*ceased to be subsidiaries with effect from December 30, 2006		
<b>4. Infra Trade FZE</b>		
Equity contribution	1.22	-
Share application money	0.00	-
<b>B. Joint ventures (JV)</b>		
<b>1. IJM – SCL (JV)</b>		
Repayment of/(Receipt) against loans/expenses	-	(5.00)
Reimbursement of Expenses	-	0.10
Share of profit/(loss)from joint venture	(7.93)	(9.93)
<b>2. Himachal (JV)</b>		
Finance	-	12.47
Share of profit / (loss) from joint venture	12.79	(5.93)
<b>3. NEC– NCC–Maytas (JV)</b>		
Finance	4.82	-
Reimbursement of expenses	-	10.73
Repayment of/ (Receipt) against loans/expenses	(9.91)	(9.98)

Share of profit / (loss) from joint venture	0.28	7.15
<b>4. Maytas – Shankarnarayana (JV)</b>		
Finance	145.22	22.05
Reimbursement of expenses	2.42	(1.19)
Repayment of /(Receipt) against loans/expenses	(19.94)	-
Hire charges	14.77	0.03
Share of profit / (loss) from joint venture	2.48	(4.23)
<b>5. Maytas – NCC (JV)</b>		
Finance	268.97	73.65
Reimbursement of expenses	(10.93)	0.95
Repayment of / (Receipt) against loans /expenses	(217.75)	(251.17)
Hire charges	98.40	17.39
Contract revenue	326.38	86.16
Share of profit / (loss) from joint venture	71.75	106.36
(Receipt) against contract revenues	(239.13)	-
<b>6. NCC – Maytas (JV)</b>		
Finance	-	(1.47)
Reimbursement of expenses	20.62	0.50
Repayment of /(Receipt) against loans/expenses	-	(0.74)
Contract revenues	24.30	21.00
Share of profit / (loss) from joint venture	0.68	4.61
Receipt against contract revenues / sale of investments	(54.40)	(35.20)
<b>7. NCC – Maytas (JV) (Pocharam)</b>		
Finance	1.41	1.34
Reimbursement of expenses	0.78	0.15
Purchase of assets	(11.23)	-

**Maytas Infra Limited**  
(formerly known as Maytas Infra Private Limited)

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

Share of profit / (loss) from joint venture	(1.55)	(0.45)
Receipt against contract revenues	(10.37)	-
<b>8. Maytas SNC Tailpond</b>		
Receipt against contract revenues/ sale of investments	(0.30)	-
Share of Profit/ (Loss) from JV	(2.34)	-

### C. Associates

<b>1. Bangalore Elevated Tollway Limited</b>		
Share application money	5.60	2.00
Equity contribution	290.23	0.46
<b>2. Brindavan Infrastructure Company Limited</b>		
Finance	0.22	-
Reimbursement of expenses	0.00	(0.00)
Repayment of /(Receipt) against loans/expenses	(0.23)	(0.36)
<b>3. Himachal Sorang Power Private Limited</b>		
Share application money	60.23	-
Equity contribution	0.03	0.15
<b>4. Western UP Tollway Limited</b>		
Share application money	4.72	0.90
Equity contribution	223.35	2.25
<b>5. SSJV Projects Private Limited</b>		
Reimbursement of expenses	-	0.15
Repayment of/(Receipt) against loans/expenses	-	(2.25)

(Receipt) against contract revenues /sale of investment	-	(122.10)
Finance	20.00	-
<b>6. KVK Power and Infrastructure Private Limited</b>		
Share application money	45.50	-
Equity contribution	-	40.00
<b>7. Dhabi Maytas Contracting LLC</b>		
Share application money	6.17	-
Equity contribution	1.80	-
<b>8. KVK Nilachal Power Private Limited</b>		
Share application money	43.10	-
Equity contribution	2.50	-
Reimbursement of expenses	0.07	-
<b>9. SV Power Private Limited</b>		
Equity contribution	2.50	-

### D. Enterprises over which shareholders, key management personnel or their relatives exercise significant influence

<b>1. SNR Investments Private Limited</b>		
Repayment of /(Receipt) against loans/expenses	2.60	-
Dividend	1.05	1.05
<b>2. Veeyes Investment Private Limited</b>		
Dividend	1.05	1.05
<b>3. Elem Investments Private Limited</b>		
Receipt against contract revenues / sale of investments	(50.00)	(40.40)
Dividend	1.05	1.05

**Maytas Infra Limited**  
(formerly known as Maytas Infra Private Limited)

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

<b>4. Maytas Holdings Private Limited</b>		
Finance	12.50	-
Reimbursement of expenses	2.64	-
Repayment of /(Receipt) against loans/expenses	(1.00)	-
<b>5. Highgrace Investments Private Limited</b>		
Receipt against contract revenues / sale of investments	(50.00)	(20.80)
Dividend	1.05	1.05
<b>6. Fincity Investments Private Limited</b>		
Repayment of /(Receipt) against loans/expenses	21.10	-
Dividend	1.05	1.05
Receipt against contract revenues / sale of investments	(45.00)	(40.40)
Finance	2.00	-
<b>7. Rohini Greenlands Private Limited</b>		
Finance	4.81	-
Repayment of /(Receipt) against loans/expenses		(31.80)
<b>8. S R S R Estate Private Limited</b>		
Repayment of/(Receipt) against loans/expenses	-	(51.43)

### E. Key Management Personnel

<b>1. B Teja Raju</b>		
Reimbursement of expenses	(0.19)	-
Repayment of /(Receipt) against loans/expenses	1.68	-
Managerial remuneration	1.81	1.66
Dividend	0.30	0.30
<b>2. B Suryanarayana Raju</b>		
Managerial remuneration	1.77	2.08
Dividend	0.58	0.58

<b>3. B Rama Raju</b>		
Reimbursement of expenses	-	1.78
Repayment of / (Receipt) against loans/expenses	3.85	(1.78)
Dividend	1.08	1.08
<b>4. P K Madhav</b>		
Reimbursement of expenses	(0.27)	-
Managerial remuneration	1.17	-

### F. Relatives of keymanagement personnel

<b>1. B Appala Narasamma</b>		
Repayment of /(Receipt) against loans/expenses	4.56	-
Dividend	0.08	0.08
<b>2. B Jhansi</b>		
Repayment of /(Receipt) against loans/expenses	1.50	2.26
Dividend	0.28	0.28
<b>3. B Nandini</b>		
Dividend	0.51	0.51
<b>4. B Radha</b>		
Dividend	0.52	0.52
<b>5. B Ramalinga Raju</b>		
Repayment of /(Receipt) against loans/expenses	21.00	-
Dividend	1.10	1.10
<b>6. B Rama Raju (son of B.Ramalinga Raju)</b>		
Dividend	0.30	-

### b) Balances outstanding Debit / (Credit)

	March 31, 2007	March 31, 2006
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### A. Subsidiaries

1. Maytas Infrasy Private Limited*	0.03	0.03
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**Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)**

(All amounts in Rs. Million except for share data or as otherwise stated)

2. Maytas Infratech Private Limited*	34.78	34.78
3. Maytas Projects Private Limited*	36.77	36.77
4. Infra Trade FZE	1.22	-
*ceased to be subsidiaries with effect from December 30, 2006		

**B. Joint ventures**

1. IJM – SCL (JV)	121.15	129.07
2. Himachal (JV)	(18.10)	(30.89)
3. NEC – NCC – Maytas (JV)	3.09	7.90
4. Maytas – Shankarnarayana (JV)	147.62	5.15
5. Maytas – NCC (JV)	299.82	36.44
6. NCC – Maytas (JV)	2.51	11.30
7. NCC – Maytas (JV) (Pocharam)	10.18	31.14
8. Maytas SNC (JV)	(2.64)	-

**C. Associates**

1. Bangalore Elevated Tollway Limited	298.29	2.46
2. Brindavan Infrastructure Company Limited	150.00	150.00
3. Himachal Sorang Power Private Limited	61.71	1.45
4. Western UP Tollway Limited	231.22	3.15
5. SSJV Projects Private Limited	44.95	24.95
6. KVK Power and Infrastructure Private Limited	85.50	40.00
7. Dhabi Maytas Contracting LLC	7.97	-

8. KVK Nilachal Power Private Limited	45.67	-
9. S V Power Private Limited	2.50	-

**D. Enterprises over which shareholders, key management personnel and their relatives exercise significant influence**

1. SNR Investments Private Limited	-	(2.60)
2. Veeyes Investment Private Limited	(0.10)	(0.10)
3. Elem Investments Private Limited	98.98	148.98
4. Maytas Holdings Private Limited	14.14	-
5. Highgrace Investments Private Limited	143.42	193.42
6. Fincity Investments Private Limited	90.46	112.36
7. SRSR Estates Private Limited	32.80	32.80
8. Rohini Greenlands Private Limited	32.57	27.76

**E. Key Management Personnel**

1. B Teja Raju	(0.19)	(1.68)
2. B Rama Raju	-	(3.85)
3. P.K.Madhav	(0.27)	-

**F. Relatives of key management personnel**

1. B Appala Narasamma	-	(4.56)
2. B Jhansi	(0.63)	(2.13)
3. B Ramalinga Raju	-	(21.00)

**c) Names of related parties and description of relationship Subsidiaries\***

- 1 Maytas Infrasys Private Limited\*
- 2 Maytas Infratech Private Limited \*
- 3 Maytas Projects Private Limited\*
- 4 Infra Trade FZE

\* ceased to be subsidiaries with effect from December 30, 2006

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

### Joint Venture

1. Maytas SNC JV
2. NCC Maytas (JV) (Pocharam)
3. IJM-SCL(JV)
4. Himachal (JV)
5. NEC-NCC-Maytas(JV)
6. Maytas Shankaranarayana (JV)
7. Maytas NCC (JV) – Kship U1 project
8. NCC Maytas JV

### Associates

1. Bangalore Elevated Tollway Limited
2. Brindavan Infrastructure Company Limited
3. Himachal Sorang Power Private Limited
4. Western UP Tollway Limited
5. KVK Power and Infrastructure Private Limited
6. KVK Nilachal Power Private Limited
7. SV Power Private Limited
8. Dhahi Maytas Contracting LLC

### Companies owned by or where significant influence exercised by Key Management Personnel or Relatives

1. Anuradha Bio-Tech Private Limited
2. Bharani Agro Private Limited
3. BRNR Agro Private Limited
4. BSJR Holdings Private Limited
5. Chitta Bio-Tech Private Limited
6. Hastha Agro Private Limited
7. JRB Agro Private Limited
8. Mandaragiri Greenlands Private Limited
9. Nallamala Agro-Farms Private Limited
10. Narmada Greenfields Private Limited
11. Oceanic Greenlands Private Limited
12. Parasanath Greenlands Private Limited
13. Penneru Agro-Tech Private Limited
14. Revathi Bio-Tech Private Limited
15. Rohini Greenlands Private Limited

16. Satabisha Agro Private Limited
17. Satmala Agro-Farms Private Limited
18. SRSR Estates Private Limited
19. Tungabadra Greenlands Private Limited

### Enterprises over which shareholders, key management personnel and their relatives exercise significant influence

1. SNR Investments Private Limited
2. Veeyes Investment Private Limited
3. Elem Investments Private Limited
4. Maytas Holdings Private Limited
5. Highgrace Investments Private Limited
6. Fincity Investments Private Limited

### Key management personnel

1. B. Teja Raju
2. B. Suryanarayana Raju\*
3. B. Rama Raju #
4. P.K.Madhav ^
5. R.C.Sinha @

\* Ceased as director with effect from December 30, 2006  
 @ Appointed as director with effect from December 30, 2006  
 # Ceased as director with effect from October 30, 2006  
 ^ Appointed as director with effect from November 1, 2006

### Relatives of key management personnel

1. B Appala Narasamma
2. B Jhansi
3. B Nandini
4. B Radha
5. B Ramalinga Raju
6. B Rama Raju (son of B.Ramalinga Raju)

## 15. Leases

**Operating lease:** Operating leases are mainly in the nature of lease of office premises and machinery with no restrictions and are renewable at mutual consent. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. Minimum lease payments under non-cancellable operating leases are:

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

Particulars	March 31, 2007	March 31, 2006
<b>Minimum lease payments</b>		
Not later than one year	9.87	-
Later than one year but not later than five years	43.16	-
Later than five years	72.78	-
<b>Particulars</b>	<b>2006-07</b>	<b>2005-06</b>
Lease payments recognized in the Profit and Loss account for the year	23.91	8.11

**Finance lease:** The present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to profit and loss account as they arise. Finance lease is in the nature of office improvements and furniture for leasehold office premises. The lease agreement provides for escalation of lease rents over the period of lease term. Lease term is for a period of ten years renewable for a further period of ten years at mutual consent.

Particulars	March 31, 2007	March 31, 2006
Total minimum lease payments at the year end	0.94	-
Less: amount representing finance charges	0.78	-
Present value of minimum lease payments	0.16	-
<b>Minimum lease payments</b>		
Not later than one year [Present value Rs.1.06 Million (March 31, 2006 - Rs. Nil)]	5.64	-
Later than one year but not later than five years [Present value Rs.8.05 Million (March 31, 2006 - Rs. Nil)]	24.66	-
Later than five years [Present value Rs.31.63 Million (March 31, 2006 - Rs. Nil)]	41.59	-

### 16. Disclosure regarding Derivative instruments

- a. Following derivative contracts entered into by the Company for hedging are outstanding as at March 31, 2007.
  - i. INR/USD 4.30 Million forward exchange contract due on September 21, 2007.
  - ii. INR/USD 10.00 Million interest and currency rate swap due over period of the loan.
- b. Un-hedged foreign currency exposure payable –
  - i. Rs.97.56 Million (Euros 1.68 Million ) (March 31,2006- Rs. NIL)
  - ii. Rs. 29.39 Million (USD 0.68 Million) (March 31,2006- Rs. NIL)

17. The Employee Provident Fund Organisation (EPFO) has on September 9, 2005 issued a clarification as per which provident fund contributions should be deducted on leave encashment paid on or after May 1, 2005 and further clarified that recovery of PF contribution on leave encashment for the period October 1, 1994 to April 30, 2005 in abeyance. For the period from October 1, 1994 to April 30, 2005 no provision was made in the books of accounts as the Company's liability towards such contribution is presently not ascertainable.

### 18. Segmental reporting

The Company's operations fall into a single business segment "Construction and Infrastructure Development" and single geographical segment, hence the financial statements of the enterprise represent Segmental Reporting.

### 19. Interest in Joint Ventures

The Company's share in the profits/ (loss) of joint Ventures is as under:

S.No	Name of the Joint Venture	Share	2006-07	2005-06
1	Maytas NCC JV	50%	71.75	106.36
2	NCC Maytas JV - U1	50%	0.68	4.61
3	NEC-NCC-Maytas JV	25%	0.28	7.15
4	Maytas-Shankaranarayana JV	50%	2.48	(4.23)
5	Himachal JV	45%	12.79	(5.93)

## Schedule 21 : Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

S.No	Name of the Joint Venture	Share	2006-07	2005-06
6	IJM –SCL JV	50%	(7.93)	(9.93)
7	NCC-Maytas JV (Pocharam)	50%	(1.55)	(0.45)
8	Maytas SNC JV	40%	(2.34)	-

All the aforesaid entities are incorporated in India

Additional information pursuant to the provisions of paragraph 3,4c and 4d of part (ii) of schedule VI to the Companies act, 1956.

### 20. CIF Value of imports

	2006-07	2005-06
Capital goods	155.52	79.29

### 21. Expenditure in foreign currency

	2006-07	2005-06
Professional charges	2.97	-
Travelling expenses	4.66	0.99
	<b>7.63</b>	<b>0.99</b>

### 22. Dues to Small scale industrial undertakings

There are no dues to Small scale industrial undertakings (SSI) outstanding as at March 31, 2007 for more than 30 days.

### 23. Imported and Indigenous materials consumed

Particulars	2006-07		2005-06	
	%	Value	%	Value
Imported		Nil		Nil
Indigenous	100	1658.69	100	352.35

In terms of our report of even date

**Krishna & Prasad**  
Chartered Accountants

per **B Vijaya Prasad**  
Partner  
Membership No.: 18791

Place : Hyderabad  
Date : August 21, 2007

**S R Batliboi & Associates**  
Chartered Accountants

per **Ali Nyaz**  
Partner  
Membership No.: 200427

**For and on behalf of the Board of Directors of**  
**Maytas Infra Limited**

**B Teja Raju**  
Vice Chairman

**VVR Raju**  
Chief Financial Officer

**P K Madhav**  
Whole time Director

**J Veerraju**  
Company Secretary

### 24. Auditors' Remuneration (inclusive of service tax)

Sl. No.	Particulars	2006-07	2005-06
a)	Statutory Auditors	3.37	0.22
b)	As advisors or in other capacity for		
	Tax Audit	0.17	0.02
	Taxation matters	0.01	0.01
	In any other manner	0.02	0.02
	<b>Total</b>	<b>3.57</b>	<b>0.27</b>

### 25. Earning Per Share

Sl. No.	Particulars	2006-07	2005-06
a)	Net Profit available for equity shareholders	531.20	224.62
b)	Weighted average number of shares considered	50.00	50.00

26. Previous year's audit of financial statements was conducted solely by M/s. Krishna & Prasad, Chartered Accountants and was not audited by M/s. S.R. Batliboi & Associates., Chartered Accountants.

27. Previous year's figures have been regrouped / rearranged to conform to those of the current year.

28. All amounts below Rs. 0.01 Million have been disclosed as Rs. 0.00 Million

## Balance Sheet Abstract and Company's General Business Profile

(All amounts in Rs. Million except for share data or as otherwise stated)

### I Registration Details

Registration No. : U45201AP1988PLC008624  
 Balance Sheet Date : 31-03-2007 State Code : 01

### II Capital Raised During The Year (Amount Rs. in Thousands):

Public Issue : NIL Right Issue : NIL  
 Bonus Issue : 400000 Private Placement : NIL

### III Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities : 7011873 Total Assets : 7011873  
**Source of Funds :**  
 Paid- Up Capital : 500000 Reserves & Surplus : 2152635  
 Secured Loans : 2553621 Unsecured Loans : 1749239  
 Deferred tax liability : 56378

#### Application of Funds :

Net Fixed Assets : 1646097 Investments : 1690096  
 Net Current Assets : 3675680 Misc Expenditure : NIL  
 Accumulated Losses : NIL

### IV Performance of The Company (Amount Rs. in Thousands) :

Turn Over : 6482900 Total Expenditure : 5694500  
 Profit/Loss Before Tax : 788400 Profit/Loss after Tax : 531198  
 Earnings per Share (Rs.) : 11 Dividend (%) : 10

### V Generic Names of Three Principal Products / Services of the Company :

1. Item Code No. : NIL  
 Product Description : CIVIL WORKS CONTRACTS

**Maytas Infra Limited**  
(formerly known as Maytas Infra Private Limited)

## Statement pursuant to Section 212(1)(e) of the companies Act, 1956, relating to Subsidiary companies

(All amounts in Rs. Million except for share data or as otherwise stated)

PARTICULARS	Name of the Subsidiary Company Infra Trade FZE
1. Financial Year of the subsidiary ended on	31.03.2007
2. Shares of subsidiary company held on the above date and extent of holding	
(i) Equity Shares of DHM 100,000 each	1
(ii) Extent of holding	100.00%
3. Net aggregate amount of profits/(losses) of the subsidiary for the above financial year so as they concern members of MAYTAS INFRA LIMITED.	
(i) Dealt with in the a/cs of Maytas Infra Ltd.	Nil
(ii) Not dealt with in the a/cs of Maytas Infra Ltd.	Nil
4. Net aggregate amount of Profits/(Losses) of the subsidiary for previous financial years so far as it concern members of Maytas Infra Ltd	
(i) Dealt with in the a/cs of Maytas Infra Ltd	NA
(ii) Not dealt with in the a/cs of Maytas Infra Ltd	NA

## AUDITORS' REPORT

The Board of Directors  
Maytas Infra Limited  
(Formerly known as Maytas Infra Private Limited)

1. We have audited the attached consolidated Balance Sheet of Maytas Infra Limited (the Company), its subsidiaries, joint ventures and associates ("Maytas"), as at March 31, 2007, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Maytas's management and have been prepared by Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries and joint ventures whose financial statements reflect total assets of Rs.587.64 Million as at March 31, 2007, the total revenue of Rs.1,931.46 Million and net cash flows amounting to Rs.138.83 Million for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. Without qualifying our opinion, we draw attention to Note 4 to Schedule 21 of consolidated financial statements. In the absence of detailed information regarding certain claims recognized, and also the basis for non-accrual of interest expense in the financial statements of one of the joint ventures Management has not made any adjustments to its consolidated results in respect of such income and expense.
5. *As more fully explained in note 3 to Schedule 21 of consolidated financial statements, the Company has accounted for certain investments in joint venture companies using the equity method of accounting, since Management is of the opinion that, although the Company together with*

*its co-venturers exercises joint control over such investees, such investments are, by intent and purpose, more in the nature of investments in associate enterprises as defined in Accounting Standard 23 issued by the Institute of Chartered Accountants of India. Had the Company accounted for such investments as investments in jointly controlled entities, the consolidated assets, liabilities, income and expenses included in accompanying financial statements would have included the Company's proportionate share in the assets, liabilities, income and expenses in such investee companies although there would be no impact on the reported amount of the Companies consolidated profits.*

6. We report that *except as stated in Paragraph 5 above* the accompanying consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements of subsidiaries and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that *subject to the matters discussed in paragraph 5 above*, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of Maytas as at March 31, 2007;
  - (b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For Krishna & Prasad  
Chartered Accountants**

per **B.Vijaya Prasad**  
Partner  
Membership No.: 18791

Hyderabad  
August 21, 2007

**For S. R. Batliboi & Associates  
Chartered Accountants**

per **Ali Nyaz**  
Partner  
Membership No.: 200427

Hyderabad  
August 21, 2007

## Consolidated Balance Sheet as at March 31, 2007

(All amounts in Rs. Million except for share data or as otherwise stated)

	Schedules	As at March 31, 2007	
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	<b>1</b>	500.00	
Reserves and surplus	<b>2</b>	2,097.71	2,597.71
<b>Loan Funds</b>			
Secured loans	<b>3</b>	2,569.30	
Unsecured loans	<b>4</b>	2,394.38	4,963.68
<b>Deferred tax liability (net)</b>	<b>5</b>		56.38
			<b>7,617.77</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	<b>6</b>		
Gross block		1,976.31	
Less: Accumulated depreciation		341.30	
Net block			1,635.01
Capital work-in-progress (including capital advances)			390.78
<b>Investments</b>	<b>7</b>		1,407.05
<b>Deferred tax asset</b>			0.96
<b>Current Assets, Loans and Advances</b>			
Inventories	<b>8</b>	1,175.18	
Cash and bank balances	<b>9</b>	805.65	
Sundry debtors	<b>10</b>	2,887.86	
Loans and advances	<b>11</b>	2,353.70	
		<b>7,222.39</b>	
<b>Less: Current Liabilities and Provisions</b>			
Liabilities	<b>12</b>	2,966.39	
Provisions	<b>13</b>	72.03	
		<b>3,038.42</b>	
<b>Net Current Assets</b>			4,183.97
<b>Notes to Accounts</b>	<b>21</b>		<b>7,617.77</b>

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

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

**Krishna & Prasad**  
Chartered Accountants

**S R Batliboi & Associates**  
Chartered Accountants

**For and on behalf of the Board of Directors of**  
**Maytas Infra Limited**

per **B Vijaya Prasad**  
Partner  
Membership No.: 18791

per **Ali Nyaz**  
Partner  
Membership No.: 200427

**B Teja Raju**  
Vice Chairman

**P K Madhav**  
Whole time Director

Place: Hyderabad  
Date: August 21, 2007

**VVR Raju**  
Chief Financial Officer

**J Veerraju**  
Company Secretary

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

(All amounts in Rs. Million except for share data or as otherwise stated)

	Schedules	For the year ended March 31, 2007
<b>Income</b>		
Contract revenues	14	7,820.48
Other income	15	40.53
Accretion to Work in progress	16	497.39
		<b>8,358.40</b>
<b>Expenditure</b>		
Material consumed	17	2,117.92
Personnel expenses	18	251.66
Contract, administrative and selling expenses	19	4,736.75
Financial expenses	20	209.17
Depreciation	6	155.98
Preliminary expenses written off		0.39
		<b>7,471.87</b>
Add : Income from Associates		(48.04)
<b>Profit before tax</b>		<b>838.49</b>
Provision for taxation		
- Current tax		266.49
- Fringe benefit tax		4.84
- Deferred taxes of earlier years		11.21
- Deferred tax		29.45
- Taxes for earlier years		38.77
		<b>350.76</b>
<b>Profit after tax</b>		<b>487.73</b>
Add: Balance brought forward from previous years		2,059.73
Appropriations:		
Transfer to general reserve		450.00
Proposed dividend		50.00
Dividend tax		8.50
		<b>2,038.96</b>
<b>Surplus carried to Balance Sheet</b>		
<b>Earnings per share (in Rupees) (Refer note 19 on schedule 21)</b>		
Basic		10
Diluted		10
Nominal value		10
<b>Notes to Accounts</b>	<b>21</b>	

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

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

**Krishna & Prasad**  
Chartered Accountants

**S R Batliboi & Associates**  
Chartered Accountants

**For and on behalf of the Board of Directors of**  
**Maytas Infra Limited**

per **B Vijaya Prasad**  
Partner  
Membership No.: 18791

per **Ali Nyaz**  
Partner  
Membership No.: 200427

**B Teja Raju**  
Vice Chairman

**P K Madhav**  
Whole time Director

Place : Hyderabad  
Date : August 21, 2007

**VVR Raju**  
Chief Financial Officer

**J Veerraju**  
Company Secretary

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

(All amounts in Rs. Million except for share data or as otherwise stated)

	2006-07
<b>A. Cash flow from operating activities</b>	
<b>Net Profit before tax</b>	<b>838.49</b>
<i>Adjustments for:</i>	
Depreciation	155.98
Foreign exchange loss (net)	(0.00)
Provision for Retirement Benefits	4.50
Interest expense	183.37
Interest income	(48.25)
Dividend income	(0.03)
(Profit)/Loss on sale of fixed assets	0.30
(Profit)/Loss from Associates	48.04
<b>Operating profit before working capital changes</b>	<b>1,182.40</b>
<i>Movements in working capital:</i>	
Decrease/(Increase) in Inventories	(885.94)
Decrease/(Increase) in Sundry debtors	(1,588.22)
Decrease/(Increase) in Loans and advances	(448.16)
Increase/(Decrease) in Sundry creditors	1577.50
<b>Cash used in operations</b>	<b>(162.42)</b>
Direct taxes paid (net of refunds)	(218.17)
<b>Net cash used in operating activities (A)</b>	<b>(380.59)</b>
<b>B. Cash flows from investing activities</b>	
Acquisition of fixed assets	(1,291.66)
Sale of fixed assets	12.99
Purchase of Investments	(666.86)
Share application money	(165.39)
Sale of investments	1.51
Short term deposits	(23.33)
Interest received	18.01
Dividend received	0.03
<b>Net cash used in investing activities (B)</b>	<b>(2,114.70)</b>

## Consolidated Cash Flow Statement (Contd.) for the year ended 31st March 2007

(All amounts in Rs. Million except for share data or as otherwise stated)

	<b>2006-07</b>
<b>C. Cash flows from financing activities</b>	
Proceeds from long term borrowings	3031.18
Repayment of long term borrowings	(611.08)
Proceeds from short term borrowings	683.49
Interest paid	(152.55)
Dividend paid	(10.00)
Tax on Dividend paid	(1.40)
<b>Net cash from financing activities</b>	<b>(C)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C)</b>
	<b>444.35</b>
<b>Cash and Cash Equivalents - As at April 1, 2006</b>	<b>187.97</b>
<b>Cash and Cash Equivalents - As at March 31, 2007</b>	<b>632.32</b>
<b>Notes to the cash flow statement</b>	
Cash and bank balances as per Balance Sheet	805.65
Less : Deposits considered under investing activity	173.33
Cash and cash equivalents considered for cashflows	<b>632.32</b>

This is the consolidated cash flow statement referred to in our report of even date

**Krishna & Prasad**  
Chartered Accountants

per **B Vijaya Prasad**  
Partner  
Membership No.: 18791

Place : Hyderabad  
Date : August 21, 2007

**S R Batliboi & Associates**  
Chartered Accountants

per **Ali Nyaz**  
Partner  
Membership No.: 200427

**For and on behalf of the Board of Directors of**  
**Maytas Infra Limited**

**B Teja Raju**  
Vice Chairman

**VVR Raju**  
Chief Financial Officer

**P K Madhav**  
Whole time Director

**J Veerraju**  
Company Secretary

## Schedules to Consolidated Balance Sheet

(All amounts in Rs. Million except for share data or as otherwise stated)

	<b>As at March 31, 2007</b>
<b>Schedule 1 : Share Capital</b>	
<b>Authorised</b>	
75,000,000 equity shares of Rs.10 each	750.00
<b>Issued, subscribed and paid up</b>	
50,000,000 equity shares of Rs.10 each (of the above equity shares, 40,000,000 equity shares of Rs.10 each were allotted as bonus shares by capitalisation of reserves)	500.00
<b>Schedule 2 : Reserves and surplus</b>	
<b>General Reserve</b>	
Balance as per last Balance Sheet	8.78
Add: Transferred from Profit and Loss Account	450.00
	458.78
Less: Issue of bonus shares	400.00
	58.78
Foreign currency translation reserve	(0.03)
Profit and Loss Account balance	2,038.96
	<b>2,097.71</b>
<b>Schedule 3 : Secured loans</b>	
<i>(Refer note 8 on schedule 21)</i>	
From Bank :	
Term loans	1,426.67
(Repayable within one year Rs. 879.34 Million)	
From others	203.71
(Repayable within one year Rs. 153.83 Million)	
Working capital loans	935.46
Interest accrued and due	3.46
	<b>2,569.30</b>
<b>Schedule 4 : Unsecured loans</b>	
Loans - others	32.34
Finance lease obligation	40.73
Mobilisation advance	2,321.31
[Repayable within one year - Rs NIL]	<b>2,394.38</b>
<b>Schedule 5 : Deferred tax liability (net)</b>	
Deferred tax liability on account of depreciation	58.31
Deferred tax asset on account of retirement benefits	(1.93)
	<b>56.38</b>

## Schedules to Consolidated Balance Sheet

### SCHEDULE 6 : FIXED ASSETS

(All amounts in Rs. Million except for share data or as otherwise stated)

DESCRIPTION	Gross Block			Depreciation			Net Block	
	As at April 1, 2006	Additions during the year	Deletions during the year	As at March 31, 2007	For the year	On Sales / Adjustments	As at March 31, 2007	As at March 31, 2007
Land	21.59	9.43	-	31.02	-	-	-	31.02
Buildings	0.00	1.68	-	1.68	0.01	-	0.01	1.67
Temporary erections	13.27	79.11	-	92.38	11.94	-	19.23	73.15
Lease hold improvements*	0.00	40.90	-	40.90	0.68	-	0.68	40.22
Plant and machinery - Construction equipment	906.41	793.52	32.19	1,667.74	125.17	19.18	268.41	1,399.33
Office equipment	12.47	7.34	0.52	19.29	1.00	0.37	4.62	14.67
Tools and implements	6.73	7.00	0.14	13.59	6.11	0.09	12.14	1.45
Computers	14.58	10.99	0.00	25.57	2.63	0.00	7.29	18.28
Furniture and fixtures	16.31	4.66	0.13	20.84	3.60	0.06	8.31	12.53
Vehicles	49.02	14.28	0.00	63.30	4.84	0.00	20.61	42.69
<b>Grand Total</b>	<b>1,040.38</b>	<b>968.91</b>	<b>32.98</b>	<b>1,976.31</b>	<b>155.98</b>	<b>19.70</b>	<b>341.30</b>	<b>1,635.01</b>

\* Note : Leasehold improvements represent fixtures taken on finance lease.

## Schedules to Consolidated Balance Sheet

(All amounts in Rs. Million except for share data or as otherwise stated)

	Face Value (Rs.)	As at March 31, 2007	
		Number	Amount
<b>Schedule 7 : Investments (Unquoted)</b>			
<b>Long term (At cost)</b>			
<b>A. Trade - Equity shares (fully paid up)</b>			
1. Gautami Power Private Limited*	10	74,487,217	744.87
2. SSJV Projects Private Limited @	10	100	0.00
<b>B. Investments in associates in Equity shares (fully paid up)</b>			
1. Brindavan Infrastructure Company Limited** 9,999,925 equity share of Rs. 10 each fully paid up Add Profit/(Loss) for the current year			100.00 58.64
			158.64
2. KVK Power & Infrastructure Company Private Limited 4,000,000 equity share of Rs. 10 each fully paid up Add: Opening balance of accumulated balances Add: Profit/(Loss) for the current year			40.00 (0.19) (0.50)
			39.31
3. Bangalore Elevated Tollway Limited 2,982,520 equity share of Rs. 10 each fully paid up Add: Opening balance of accumulated balances Add: Profit/(Loss) for the current year			291.03 (1.49) (100.27)
			189.27
4. Western UP Tollway Limited 2,458,500 equity share of Rs. 10 each fully paid up Add: Opening balance of accumulated balances Add: Profit/(Loss) for the current year			225.60 (0.33) (1.85)
			223.42
5. Himachal Sorang Power Private Limited 3,300 equity share of Rs. 10 each fully paid up Add: Opening balance of accumulated balances			0.03 (0.02)
			0.01
6. KVK Nilachal Power Private Limited 250,000 equity share of Rs. 10 each fully paid up Add: Opening balance of accumulated balances Add: Profit/(Loss) for the current year			2.50 (1.12) (1.38)
			-
7. S V Power Private Limited 250,000 equity share of Rs. 10 each fully paid up Add: Opening balance of accumulated balances Add: Profit/(Loss) for the current year			2.50 (0.44) (0.90)
			1.16
8. Dhabi Maytas-LLC 49 equity share of 1000 Dirhams each fully paid up Add: Opening balance of accumulated balances Add: Profit/(Loss) for the current year			1.80 - (1.80)
			-

## Schedules to Consolidated Balance Sheet

(All amounts in Rs. Million except for share data or as otherwise stated)

	Face Value (Rs.)	As at March 31, 2007	
		Number	Amount
<b>in Preference shares (fully paid up)</b>			
1. Brindavan Infrastructure Company Limited**	100	500,000	50.00
<b>C. Current Investments</b>			
<b>Unquoted</b>			
Maytas (Singapore ) Holding Pte Limited	S\$ 1	1	0.00
<b>Quoted</b>			
36513 units of Rs.10 each fully paid - up of Franklin templeton mutual fund	10	36,513	0.37
* The shares are subject to Non-disposal undertaking furnished in favour of the Power Finance Corporation. Further, shares to the extent of 38,124,162 have been pledged with the said corporation for the term loan availed by Gautami Power Limited			
** The shares have been pledged in favour of Infrastructure Development Finance Company Ltd and Corporation Bank for the term loan availed by Brindavan Infrastructure Company Limited			
Aggregate value of unquoted investments: Rs.1406.69 Million			
Aggregate value of quoted investments: Rs.0.36 Million			
Market value of quoted investments: Rs.0.37 Million			
			<b>1,407.05</b>
@ investment amount is less than Rs. 0.01 Million			
		<b>As at March 31st, 2007</b>	
<b>Schedule 8 : Inventories</b>			
Stock- in-trade		554.73	
Work-in-progress		620.45	
			<b>1,175.18</b>
<b>Schedule 9 : Cash and bank balances</b>			
Cash in hand		3.36	
Balances with scheduled banks			
- on current accounts		590.82	
- on margin money deposits*		146.13	
- on deposits		27.20	
Balances with Non scheduled banks			
- on current accounts with Manvi Pattana Souharda Bank Niyamitha (Maximum amount outstanding during the year Rs.7.60 Million)		0.03	
Cheques in transit		38.11	
* lodged with authorities			
			<b>805.65</b>

## Schedules to Consolidated Balance Sheet

(All amounts in Rs. Million except for share data or as otherwise stated)

	As at March 31st, 2007
<b>Schedule 10 - Sundry debtors - (Unsecured and considered good)</b>	
<i>(Refer note 10 on schedule 21)</i>	
Debts outstanding for a period exceeding six months Considered good*	590.33
Other debts Considered good*	2,297.53
*[includes retention money exceeding six months : Rs. 174.71 Million retention money not exceeding six months : Rs.265.82 Million]	
	<b>2,887.86</b>
<b>Schedule 11 : Loans and advances (Unsecured, considered good)</b>	
<i>(Refer note 11 on schedule 21)</i>	
Dues from Joint Ventures	187.05
Advances recoverable in cash or kind or for value to be received*	1,062.72
Inter corporate Loans	251.45
Other receivables	432.76
Deposits	128.47
Interest accrued	21.88
Unamortised exchange premium	3.98
Sales tax deducted at source	121.66
Service tax	0.92
Advance tax (Net of provision)	142.81
*includes share application money aggregating to Rs.169.40 Million towards various investments proposed to be made by the Company	
	<b>2,353.70</b>
<b>Schedule 12 : Liabilities</b>	
Sundry creditors	1,240.75
Advances from customers	10.57
Dues to Joint ventures	18.16
Dues to Sub-Contractors	1,110.63
Other liabilities	331.85
Security deposits payable	239.07
Interest accrued but not due	15.36
	<b>2,966.39</b>
<b>Schedule 13 : Provision</b>	
Proposed dividend	50.00
Dividend tax	8.50
Taxation ( Net of advance tax)	7.72
For fringe benefit tax (Net of advance payments)	0.12
For retirement benefits	5.69
	<b>72.03</b>

## Schedules to Consolidated Profit & Loss Account

(All amounts in Rs. Million except for share data or as otherwise stated)

	For the year Ended March 31st, 2007
<b>Schedule 14 : Contract Revenues</b>	
Revenue from contracts	7,763.89
Equipment hire charges	56.59
	<b>7,820.48</b>
<b>Schedule 15 : Other income</b>	
Interest income (Gross)	36.24
(Tax deducted at source : Rs.10.15 Million)	
Miscellaneous receipts	3.92
Profit on sale of assets	0.34
Dividend Income	0.03
	<b>40.53</b>
<b>Schedule 16 : Accretion in work-in-progress</b>	
Opening work-in-progress	123.06
Closing work-in-progress	620.45
	<b>497.39</b>
<b>Schedule 17 : Material consumed</b>	
Opening stock	166.18
Add: Purchases	2,506.47
	<b>2,672.65</b>
Less: Closing stock	554.73
	<b>2,117.92</b>
<b>Schedule 18 : Personnel expenses</b>	
Salaries, bonus and other allowances	225.76
Contribution to provident fund and others	8.24
Staff welfare expenses	11.98
Retirement benefits	5.68
	<b>251.66</b>

## Schedules to Consolidated Profit & Loss Account

(All amounts in Rs. Million except for share data or as otherwise stated)

	<b>For the year Ended March 31st, 2007</b>
<b>Schedule 19 : Contract , Administrative and Selling expenses</b>	
Site expenses	109.25
Subcontractor expenses	4,050.01
Wages and benefits to workers	59.48
Insurance	25.11
Insurance - others	2.50
Power and fuel	35.88
Repairs and maintenance	
- Plant & Machinery	75.84
- Others	9.95
Sales tax	140.97
Service tax	31.53
Rent	24.25
Rates and taxes	6.96
Office maintenance	24.48
Communication expenses	11.11
Printing and stationary	7.48
Legal and professional charges	45.75
Loss on sale of assets	0.64
Loss on exchange fluctuation	6.03
Tender expenses	10.19
Business promotion	5.20
Donations	0.96
Travelling and conveyance	42.13
<b>Auditors' remuneration (inclusive of service tax) :</b>	
as Auditors	3.67
Taxation	0.19
Certification	0.02
Membership and subscription	0.62
Staff recruitment expenses	2.48
Miscellaneous expenses	4.07
	<b>4,736.75</b>
<b>Schedule 20 : Financial expenses</b>	
Interest on fixed period loans	97.09
Interest others	79.51
Less : Interest received from Joint Venture (Tax deducted at source Rs. 2.69 Million)	6.00
Net Interest paid	73.51
Lease finance charges	0.78
Bank charges	37.79
	<b>209.17</b>

## Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007

(All amounts in Rs. Million except for share data or as otherwise stated)

### 1. Statement of significant accounting policies

- a. The Consolidated Financial Statements of Maytas Infra Limited ("Maytas" or "the Parent Company") together with its subsidiaries, associates and joint venture entities (collectively termed as "the Company" or "the Consolidated Entities") are prepared under historical cost convention on accrual basis to comply in all material respects with the mandatory Accounting Standards ("AS") issued by the Institute of Chartered Accountants of India ("ICAI").

Investments in consolidated investees, except where such investments are acquired with a view to its subsequent disposal in the immediate future, are accounted in accordance with accounting principles as defined under AS 21 "Consolidated Financial Statements", AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and AS 27 "Financial Reporting of Interests in Joint Ventures" issued by the ICAI.

The joint ventures are in the form of "Jointly Controlled Entities" and are consolidated using the proportionate consolidation method. All material inter-company balances and inter-company transactions and resulting unrealized profits or losses are eliminated on consolidation.

The Consolidated Financial Statements for the year ended March 31, 2007 include the financial statements of the following subsidiaries, associates and joint venture entities:

Name of the Consolidated Entities	Country of Incorporation	% of Interest
<b>Subsidiaries</b>		
1 Infra Trade FZE	UAE	100%
2. Maytas (Singapore) Pte. Limited*	Singapore	100%
3. Maytas Infrasy Private Limited *@	India	100%

4. Maytas Infratech Private Limited *@	India	100%
5. Maytas Projects Private Limited*@	India	100%
<b>Joint Ventures</b>		
1 Maytas NCC JV – Irrigation	India	50%
2 NCC Maytas JV - U1	India	50%
3 NEC-NCC-Maytas JV	India	25%
4 Maytas-Shankarnarayana JV	India	50%
5 Himachal Joint Venture	India	45%
6 IJM –SCL Joint Venture	India	50%
7 NCC-Maytas JV (Pocharam)	India	50%
8 Maytas SNC JV	India	40%
<b>Associates</b>		
1 Dhabi Maytas Contracting LLC	UAE	49%
2 Brindavan Infrastructure Company Limited	India	33.3%
3 KVK Power and Infrastructure Company Private Limited	India	50%
4 Bangalore Elevated Tollway Limited	India	33%
5 Western UP Tollway Limited	India	30%
6 Himachal Sorang Power Private Limited	India	33%
7 KVK Nilachal Power Private Limited	India	50%
8 S V Power Private Limited**	India	50%

\* Not considered for consolidation as the control is temporary.

@ Ceased to be subsidiaries with effect from December 30, 2006

\*\* Considered to be an associate by virtue of the Parent Company's control of the composition of the Board of Directors as on the Balance Sheet date.

### b. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

## Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

- i. Revenue from long term construction contracts is recognized on the percentage of completion method. Percentage of completion is determined on the basis of surveys performed. However, profit is not recognized unless there is reasonable progress on the contract. Where the total cost of a contract, based on technical and other estimates is expected to exceed the corresponding contract value, such expected loss is provided for. The effect of any adjustment arising from revisions to estimates is included in the income statement of the period in which revisions are made. The revenue on account of claims is accounted for based on Management's estimate of the probability that such claims would be admitted either wholly or in part.
  - ii. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
  - iii. Dividend is recognised as and when the right to receive payment is established.
  - iv. Income from currency swaps and other similar instruments are recorded upon settlement or termination of the relevant contracts.
- c. Fixed assets**
- i. Fixed assets are stated at cost less accumulated depreciation, impairment losses and specific grant/subsidies, if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use.
  - ii. Depreciation is provided on a straight line basis, based on useful life of the assets as estimated by Management which generally coincides with rates prescribed under Schedule XIV to the Companies Act, 1956 in Maytas.
  - iii. Assets costing Rs. 0.00 Million or less are fully depreciated in the year of purchase.
- Depreciation on the following fixed assets is provided on at rates that are higher than those specified in Schedule XIV to the Companies Act, 1956 and are based on useful lives as estimated by Management of Maytas:
- a. Tools and implements are depreciated fully in the year of purchase.
  - b. Plant and machinery – construction equipment at project sites at the rate of 11.3%.
  - c. Temporary erections in the form of sheds, camps are depreciated over the period of the respective project.
- d. Investments**
- i. Investments in readily realisable securities that are intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.
  - ii. Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments. Current investments are carried at lower of cost and market value determined on individual investment basis.
- e. Inventories**
- i. Materials at site are valued at the lower of cost and estimated net realizable value. Cost is determined on a weighted average basis.
  - ii. Work – in – progress related to project and construction is valued at cost till such time the outcome of the related project is ascertained reliably and at contractual rates thereafter.
- Net realizable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to affect the sale.

## Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

### f. Retirement and other employee benefits

- i. The Company's contribution to provident fund is recognised on accrual basis.
- ii. Liability for Gratuity and Leave encashment is provided on the basis of an actuarial valuation carried out at the end of each financial year in Maytas.

### g. Income Taxes

Tax expense consists of current, deferred and fringe benefit taxes. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Where the Company has carry forward of unabsorbed depreciation or tax losses deferred tax assets are recognized only if it is virtually certain backed by convincing evidence that such deferred tax assets can be realized against future taxable profits.

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become virtually certain that future taxable income will be available against which such deferred tax assets can be realised.

### h. Foreign currency transactions

#### *Initial Recognition*

- i. Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the

date of the transaction. Exchange rate differences are recognized in the profit and loss account.

#### *Conversion*

- ii. Foreign currency monetary items are reported at contract rates and/or at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

#### *Forward exchange contracts not intended for trading or speculation purposes*

- iii. The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense of the year.

#### *Foreign Currency Translation*

- iv. In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

### i. Leases

#### *Where the Company is a Lessee*

- i. Leases, where the substantial risks and benefits incidental to ownership of the leased item are transferred to the Company, are classified as finance leases. Assets under finance leases, where there is no reasonable certainty that the Company

## Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the tenure of the lease or estimated useful life of the asset, whichever is shorter.

- ii. Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.
- iii. Assets acquired under finance lease are depreciated on a straight line basis over the lease term.

### **Where the Company is a Lessor**

- i. Assets under operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Profit and Loss Account.

### **j. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average of number of equity shares outstanding during the period are adjusted for events of bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **k. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date 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 asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### **l. Provisions**

A provision is recognised when the Company has a present obligation as a result of past event i.e., 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 its present value 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.

## **2. Uniform accounting policies**

As per the requirements of AS -21, AS-23, AS-27, in the preparation of consolidated financial statements, the accounting policies of the consolidated entities are required to be aligned with those of the parent to the extent practicable. The following accounting policies followed by various consolidated entities is not aligned with those of the Parent Company –

- a. Depreciation in certain consolidated joint venture entities is provided on written down value method as compared to straight line method followed in the books of Parent Company. The Company has not ascertained the impact of such differential accounting policy on the consolidated profits for the year ended and financial position of the Company as at March 31, 2007.
- b. In the absence of information regarding the gross block and accumulated depreciation of the following joint ventures, only the net block as at March 31, 2007 have been considered for consolidation. The proportion of net block of the joint ventures as compared to the

## Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

Company's net block is 23% of the consolidated net block.

- i. Maytas-Shankarnarayana JV
- ii. Himachal Joint Venture
- iii. IJM –SCL Joint Venture

Management is of the opinion that such alignment of accounting policies is not practicable and that the cumulative impact of such alignment if made, would not be significant to the consolidated financial statements.

### 3. Investments in Associates

Management has considered investments made by the Parent Company in certain Joint Ventures where joint control exists as Associates as defined under AS -23 "Accounting for Investments in Associates in Consolidated Financial Statements" issued by ICAI and accordingly consolidated the results of the such Associates under Equity Method.

### 4. Himachal Joint Venture

The financial statements of Himachal Joint Venture include income in respect of claims of Rs. 398.00 Million ( Parent Company's share – Rs.179.10 Million ). Further the JV has also not accrued for interest expense of Rs.157.11 Million (Parent Company's share – Rs.70.70 Million). In the absence of detailed information on the nature of such claims and interest expense, the Parent Company in its consolidated financial statements has not made any further adjustments to its share of income or expenses in relation to such items.

### 5. Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 348.12 Million.

### 6. Contingent liabilities not provided for

Particulars	March 31, 2007
i. Claims against the Company not acknowledged as debts	14.20
ii. Outstanding bank guarantees (excluding performance obligations)	1,758.80

iii. Guarantees issued by bankers, financial institutions on behalf of the Company toward performance obligations	1,601.00
iv. Outstanding letter of credit	281.56
v. Direct and Indirect taxes	95.75
vi. Corporate guarantee given on behalf of associates	100.00

### 7. Share Capital

#### Employee stock option scheme

Maytas instituted an Employee Stock Option Plan "ESOP – 2007" as per the resolution passed in the Extraordinary General Meeting held on March 30, 2007. This scheme has been formulated in accordance with the provisions of Section 81(1A) and any other provision of the Companies Act, 1956 and subject to the provisions of the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The compensation committee on April 14, 2007 granted options of 644,967 equity shares of Maytas to eligible employees. Each option comprises of one underlying equity share of Rs.10 each fully paid up. The said options vest on an annual basis at 20%, 20%, 30% and 30% over a period of four years and shall be capable of being exercised within a period of three years from date of vesting of respective employee stock option. The options are granted at an exercise price equal to the issue price of Maytas's share determined through an Initial Public Offer.

### 8. Secured Loans

- i. Term Loans availed in respect of specific projects are secured by a first charge on the present and future immovable assets, movable assets and current assets related to the project.
- ii. All term loan facilities from various banks are secured by a pari passu charge on the movable and current assets of the Company and are guaranteed by the directors.
- iii. Cash credit facilities are secured by pari passu charge on the current assets of the Company.

## Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

- iv. Secured loans aggregating to Rs. 1,787.71 Million are personally guaranteed by the Vice-chairman and directors of the Company.
- v. Other loans are secured by way of hypothecation of the related assets.

### 9. Changes in accounting policies

In the current year, the Company has changed its method of providing for retirement benefits, from payment basis to actuarial basis as per AS 15 "Accounting for retirement benefits in the Financial Statements of Employers" issued by the ICAI. Had the Company continued to use the earlier basis of providing retirement benefits, profit before tax for the current year would have been higher by Rs. 4.45 Million and provision for retirement benefits would have been lower Rs. 4.45 Million.

### 10. Sundry Debtors

- a. Sundry debtors as at March 31, 2007 include certain claims aggregating to Rs. 144.75 Million recognized in the earlier years based on the terms and conditions implicit in the respective contracts. Since these claims are technical in nature and are the subject matter of arbitration/dispute relating to the Company has obtained an opinion on the recoverability of such claims from its legal counsel. Accordingly, no provision is considered necessary in respect of such claims.
- b. Sundry debtors as at March 31, 2007 include debt amounting to Rs. 52.84 Million due from Maytas Hill County Private Limited in which one of the Directors of Maytas is a Director.

### 11. Loans and advances

- a. Loans and advances include an amount receivable from Maytas Holdings Private Limited a company under the management of Maytas amounting to Rs. 14.14 Million (Maximum amount outstanding during the year Rs. 15.14 Million).
- b. Advances due from companies in which one of the Directors of Maytas is a Director:

Name of the party	March 31, 2007	Maximum amount outstanding during the year
Continental Thermites Pvt. Ltd.	0.01	0.01
Maytas Infrasyt Pvt. Ltd.	0.03	0.03
Maytas Infratech Pvt. Ltd.	34.78	34.78
Maytas Projects Pvt. Ltd.	36.77	36.77
Maytas Properties Pvt. Ltd.	0.43	122.95
Samrat Marine Products Pvt. Ltd.	2.42	2.42
SRSR Advisory Services Pvt. Ltd.	0.03	0.03
SSJV Projects Pvt. Ltd.	44.95	45.14

### 12. In terms of the disclosures required to be made under the accounting standard (AS) 7 (revised 2002) issued by the Institute of Chartered Accountants of India for "Construction Contracts":

	2006-07
Contract revenue recognised	7,820.48
Contract cost incurred and recognised profits (less recognised losses) for contracts in progress	7,169.06
Advances received for contracts in progress	2,225.22
Amount of retention for contracts in progress	451.04
Gross amount due from customers for contract work	2,887.86
Gross amount due to customers for contract work	10.57

### 13. Remuneration to whole-time directors

Particulars	2006-07
Salary	4.26
Contribution to provident fund	0.50
<b>Total</b>	<b>4.76</b>

#### Note

The above figures do not include provision for retirement benefits, as the same is actuarially determined for the Company as a whole.

**Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)**

(All amounts in Rs. Million except for share data or as otherwise stated)

**14. Related party transactions (not disclosed elsewhere in these financial statements)**

**a) Transactions with related parties during the year**

Particulars	2006-07
<b>A. Subsidiaries (Disinvested on December 30, 2006)</b>	
1. Maytas Infrasys Private Limited	0.00
2. Maytas Infratech Private Limited	0.00
3. Maytas Projects Private Limited	0.00
<b>B. Joint ventures (JV)</b>	
<b>1. IJM – SCL (JV)</b>	
Share of profit/(loss) from joint venture	(2.97)
<b>2. Himachal (JV)</b>	
Share of profit / (loss) from joint venture	15.65
<b>3. NEC – NCC – Maytas (JV)</b>	
Finance	3.62
Repayment of/ (Receipt) against loans/expenses	(7.43)
Share of profit / (loss) from joint venture	0.86
<b>4. Maytas – Shankarnarayana (JV)</b>	
Finance	72.61
Reimbursement of expenses	1.21
Repayment of /(Receipt) against loans/expenses	(9.97)
Hire charges	7.39
Share of profit / (loss) from joint venture	2.48
<b>5. Maytas – NCC (JV)</b>	
Finance	134.49
Reimbursement of expenses	(5.47)
Repayment of /(Receipt) against loans/expenses	(108.88)
Hire charges	49.20
Contract revenue	163.19
Share of profit / (loss)	

from joint venture (Receipt) against contract revenues	71.75 (119.57)
<b>6. NCC – Maytas (JV)</b>	
Reimbursement of expenses	10.31
Contract revenues	12.15
Share of profit / (loss) from joint venture	0.68
Receipt against contract revenues / sale of investments	(27.20)
<b>7. NCC – Maytas (JV) (Pocharam)</b>	
Finance	0.70
Reimbursement of expenses	0.39
Purchase of assets	(5.61)
Share of profit / (loss) from joint venture	(1.55)
Receipt against contract revenues	(5.18)
<b>8. Maytas SNC JV</b>	
Receipt against contract revenues/ sale of investments	(0.18)
Share of Profit/ (Loss) from JV	(3.51)
<b>C. Associates</b>	
<b>1. Bangalore Elevated Tollway Limited</b>	
Share application money	5.60
Equity contribution	290.23
<b>2. Brindavan Infrastructure Company Limited</b>	
Finance	0.22
Reimbursement of expenses	0.00
Repayment of /(Receipt) against loans/expenses	(0.23)

**Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)**

(All amounts in Rs. Million except for share data or as otherwise stated)

<b>3. Himachal Sorang Power Private Limited</b>	
Share application money	60.23
Equity contribution	0.03
<b>4. Western UP Tollway Limited</b>	
Share application money	4.72
Equity contribution	223.35
<b>5. SSJV Projects Private Limited</b>	
Finance	20.00
<b>6. KVK Power and Infrastructure Private Limited</b>	
Share application money	45.50
<b>7. Dhabi Maytas Contracting LLC</b>	
Share application money	6.17
Equity contribution	1.80
<b>8. KVK Nilachal Power Private Limited</b>	
Share application money	43.10
Equity contribution	2.50
Reimbursement of expenses	0.07
<b>9. SV Power Private Limited</b>	
Finance	2.50

**D. Enterprises over which shareholders, key management personnel or their relatives exercise significant influence**

<b>1. SNR Investments Private Limited</b>	
Repayment of /(Receipt) against loans/expenses	2.60
Dividend	1.05
<b>2. Veeyes Investment Private Limited</b>	
Dividend	1.05

<b>3. Elem Investments Private Limited</b>	
Receipt against contract revenues / sale of investments	(50.00)
Dividend	1.05
<b>4. Maytas Holdings Private Limited</b>	
Finance	12.50
Reimbursement of expenses	2.64
Repayment of /(Receipt) against loans/expenses	(1.00)
<b>5. Highgrace Investments Private Limited</b>	
Repayment of /(Receipt) against loans/expenses	(50.00)
Dividend	1.05
<b>6. Fincity Investments Private Limited</b>	
Repayment of /(Receipt) against loans/expenses	21.10
Dividend	1.05
Receipt against contract revenues / sale of investments	(45.00)
Finance	2.00
<b>7. Rohini Greenlands Private Limited</b>	
Finance	4.81

**E. Key Management Personnel**

<b>1. B Teja Raju</b>	
Reimbursement of expenses	(0.19)
Repayment of /(Receipt) against loans/expenses	1.68
Managerial remuneration	1.81
Dividend	0.30
<b>2. B Suryanaranayana Raju</b>	
Managerial remuneration	1.77
Dividend	0.58

**Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)**

(All amounts in Rs. Million except for share data or as otherwise stated)

<b>3. B Rama Raju</b>	
Repayment of /(Receipt) against loans/expenses	3.85
Dividend	1.08
<b>4. P K Madhav</b>	
Reimbursement of expenses	(0.27)
Managerial remuneration	1.17

**F. Relatives of key management personnel**

<b>1. B Appala Narasamma</b>	
Repayment of /(Receipt) against loans/expenses	4.56
Dividend	0.08
<b>2. B Jhansi</b>	
Repayment of /(Receipt) against loans/expenses	1.50
Dividend	0.28
<b>3. B Nandini</b>	
Dividend	0.51
<b>4. B Radha</b>	
Dividend	0.52
<b>5. B Ramalinga Raju</b>	
Repayment of /(Receipt) against loans/expenses	21.00
Dividend	1.10
<b>6. B Rama Raju (son of B.Ramalinga Raju)</b>	
Dividend	0.30

**b) Balances outstanding Debit / (Credit)**

	<b>As at March 31, 2007</b>
<b>A. Subsidiaries (Disinvested on December 30, 2006)</b>	
1. Maytas Infrasys Private Limited	0.03
2. Maytas Infratech Private Limited	34.78
3. Maytas Projects Private Limited	36.77

**B. Joint ventures**

1. IJM – SCL (JV)	60.58
2. Himachal (JV)	(9.95)
3. NEC – NCC – Maytas (JV)	2.32
4. Maytas – Shankarnarayana (JV)	73.81
5. Maytas – NCC (JV)	149.91
6. NCC – Maytas (JV)	1.25
7. NCC – Maytas (JV) (Pocharam)	5.09
8. Maytas SNC JV	(1.58)

**C. Associates**

1. Bangalore Elevated Tollway Ltd.	298.29
2. Brindavan Infrastructure Company Limited.	150.00
3. Himachal Sorang Power Private Limited	61.71
4. Western UP Tollway Limited	231.22
5. SSJV Projects Private Limited	44.95
6. KVK Power and Infrastructure Private Limited	85.50
7. Dhabhi Maytas Contracting LLC	7.97
8. KVK Nilachal Power Private Limited	45.67
9. S V Power Private Limited	2.50

**D. Enterprises over which shareholders, key management personnel and their relatives exercise significant influence**

1. Veeyes Investment Private Limited	(0.10)
2. Elem Investments Private Limited	98.98
3. Maytas Holdings Private Limited	14.14
4. Highgrace Investments Private Ltd.	143.42
5. Fincity Investments Private Limited	90.46
6. SRSR Estates Private Limited	32.80
7. Rohini Greenlands Pvt. Ltd.	32.57

**E. Key Management Personnel**

1. B Teja Raju	(0.19)
2. P.K.Madhav	(0.27)

**F. Relatives of key management personnel**

1. B Jhansi	(0.63)
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**Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)**

(All amounts in Rs. Million except for share data or as otherwise stated)

**c) Names of related parties and description of relationship**

**Subsidiaries\***

- 1 Maytas Infrasyas Private Limited\*
  - 2 Maytas Infratech Private Limited \*
  - 3 Maytas Projects Private Limited\*
  - 4 Infra Trade FZE
- \* ceased to be subsidiaries with effect from December 30, 2006

**Joint Venture**

1. Maytas SNC JV
2. NCC Maytas JV (Pocharam)
3. IJM-SCL(JV)
4. Himachal Joint Venture
5. NEC-NCC-Maytas(JV)
6. Maytas Shankarnarayana (JV)
7. Maytas NCC (JV)
8. NCC Maytas (JV) (Kship U1)

**Associates**

1. Banglore Elevated Tollway Limited
2. Brindavan Infrastructure Company Limited
3. Himachal Sorang Power Private Limited
4. Western UP Tollway Limited
5. KVK Power and Infrastructure Private Limited.
6. KVK Nilachal Power Private Limited
7. SV Power Private Limited
8. Dhabi Maytas Contracting LLC

**Companies owned by or where significant influence exercised by Key Management Personnel or Relatives**

- 1 Anuradha Bio-Tech Private Limited
- 2 Bharani Agro Private Limited
- 3 BRNR Agro Private Limited
- 4 BSJR Holdings Private Limited
- 5 Chitta Bio-Tech Private Limited
- 6 Hastha Agro Private Limited
- 7 JRB Agro Private Limited
- 8 Mandaragiri Greenlands Private Limited
- 9 Nallamala Agro-Farms Private Limited
- 10 Narmada Greenfields Private Limited

- 11 Oceanic Greenlands Private Limited
- 12 Parasanath Greenlands Private Limited
- 13 Penneru Agro-Tech Private Limited
- 14 Revathi Bio-Tech Private Limited
- 15 Rohini Greenlands Private Limited
- 16 Satabisha Agro Private Limited
- 17 Satmala Agro-Farms Private Limited
- 18 SRSR Estates Private Limited
- 19 Tungabadra Greenlands Private Limited

**Enterprises over which shareholders, key management personnel and their relatives exercise significant influence**

- 1 SNR Investments Private Limited
- 2 Veeyes Investment private Limited
- 3 Elem Investments Private Limited
- 4 Maytas Holdings Private Limited
- 5 Highgrace Investments Private Limited
- 6 Fincity Investments Private Limited

**Key management personnel**

- 1 B. Teja Raju
- 2 B. Suryanarayana Raju\*
- 3 B. Rama Raju #
- 4 P.K.Madhav ^
- 5 R.C.Sinha @

\* Ceased as director with effect from December 30, 2006  
@ Appointed as director with effect from December 30, 2006  
# Ceased as director with effect from October 30, 2006  
^ Appointed as director with effect from November 1, 2006

**Relatives of key management personnel**

- 1 B Appala Narasamma
- 2 B Jhansi
- 3 B Nandini
- 4 B Radha
- 5 B Ramalinga Raju
- 6 B Rama Raju (son of B.Ramalinga Raju)

## Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)

(All amounts in Rs. Million except for share data or as otherwise stated)

### 15. Leases

**Operating lease:** Operating leases are mainly in the nature of lease of office premises and machinery with no restrictions and are renewable at mutual consent. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. Minimum lease payments under non-cancellable operating leases are:

Particulars	March 31, 2007
<b>Minimum lease payments</b>	
Not later than one year	9.87
Later than one year but not later than five years	43.16
Later than five years	72.78
<b>Particulars</b>	<b>2006 - 07</b>
Lease payments recognized in the profit and loss account for the year	23.91

**Finance lease:** The present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rentals is adjusted against the lease obligation and the finance charges are charged to profit and loss account as they arise. Finance lease is in the nature of office improvements and furniture for leasehold office premises. The lease agreement provides for escalation of lease rents over the period of lease term. Lease term is for a period of ten years renewable for a further period of ten years at mutual consent.

Particulars	March 31, 2007
Total minimum lease payments at the year end	0.94
Less: amount representing finance charges	0.78
Present value of minimum lease payments	0.16
<b>Minimum lease payments</b>	
Not later than one year [Present value Rs.1.06 Million]	5.64
Later than one year but not later than five years [Present value Rs. 8.05 Million]	24.66
Later than five years [Present value Rs.31.63]	41.60

### 16. Disclosure regarding Derivative instruments

- a. Following derivative instruments entered by the Company for hedging are outstanding as at March 31, 2007.
    - i. INR/USD 4.30 Million forward exchange contract due on September 21, 2007.
    - ii. INR/USD 10.00 Million interest and currency rate swap due over period of the loan.
  - b. Un-hedged foreign currency exposure payable –
    - i. Rs.97.56 Million (Euros 1.69 Million)
    - ii. Rs.29.39 Million (USD 0.68 Million)
17. The Employee Provident Fund Organization (EPFO) has on September 9, 2005 issued a clarification as per which provident fund contributions should be deducted on leave encashment paid on or after May 1, 2005 and further clarified that recovery of PF contribution on leave encashment for the period October 1, 1994 to April 30, 2005 in abeyance. For the period from October 1, 1994 to April 30, 2005 no provision was made in the books of accounts as the Company's liability towards such contribution is presently not ascertainable.

### 18. Segmental reporting

The Company operations fall into a single business segment "Construction and Infrastructure Development" and a single geographical segment. Hence, the financial statements of the enterprise represent Segmental Reporting.

### 19. Earning Per Share

S. No.	Particulars	March 31, 2007
i.	Net Profit available for equity shareholders	487.73
ii.	Weighted average number of shares considered	5.00

**Schedule 21 : Notes annexed to and forming part of the Consolidated accounts as at and for the year ended March 31, 2007 (Contd.)**

(All amounts in Rs. Million except for share data or as otherwise stated)

**20. Details of company's share in Joint Ventures included in the Consolidated Financial Statements are as follows:**

Particulars	March 31, 2007
<b>Sources of funds</b>	
Reserves and surplus	183.35
<b>Loan funds</b>	
Secured loans	15.68
Unsecured loans	760.40
<b>Application of funds</b>	
Fixed assets (Net block)	378.96
Capital work in progress (including capital advances)	0.74
Investments	0.36
Deferred tax asset	0.96
<b>Current Assets, Loans and Advances</b>	
Inventories	301.77
Cash and bank balances	256.37
Sundry debtors	604.08
Loans and advances	247.85
	<b>1,410.07</b>
<b>Less: Current liabilities and Provisions</b>	
Liabilities	630.55
Provisions	7.84
	<b>638.39</b>
<b>Net Current Assets</b>	<b>771.68</b>

Particulars	2006-07
<b>Income</b>	
Contract revenues	2,044.47
Other income	1.51
Accretion to Work in progress	139.72
	<b>2,185.70</b>
<b>Expenditure</b>	
Material consumed	459.22
Personnel expenses	44.03
Contract, administrative and selling expenses	1,198.58
Financial expenses	32.27
Depreciation	42.87
	<b>1,776.97</b>
<b>Profit before tax</b>	<b>408.73</b>
Provision for taxation	
- Current tax	56.49
- Fringe benefit tax	0.34
- Deferred tax	(0.83)
- Taxes for earlier years	37.55
	<b>93.55</b>
<b>Profit after tax</b>	<b>315.18</b>

21. Comparative figures for the previous year have not been given as this is the first year in which the Company has presented consolidated financial statements.
22. All amounts below Rs. 0.01 Million have been disclosed as Rs. 0.00 Million

In terms of our report of even date

**Krishna & Prasad**  
Chartered Accountants

**S R Batliboi & Associates**  
Chartered Accountants

**For and on behalf of the board of directors of**  
**Maytas Infra Limited**

per **B Vijaya Prasad**  
Partner  
Membership no: 18791

per **Ali Nyaz**  
Partner  
Membership no: 200427

**B Teja Raju**  
Vice Chairman

**P K Madhav**  
Whole time Director

Place : Hyderabad  
Date : August 21, 2007

**VVR Raju**  
Chief Financial Officer

**J Veerraju**  
Company Secretary

## Independent Auditor's Report

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To

**The Shareholders,  
M/s. Infratrade FZE,  
P.O. Box: 10559  
Ras A1 Khaimah - United Arab Emirates.**

We have audited the accompanying statement of affairs of **Infratrade FZE, Ras A1 khaimah United Arab Emirates, as at March 31, 2007.**

In our opinion, the statement of affairs present fairly, in all material respects, the financial position of **Infratrade FZE, Ras A1 Khaimah - United Arab Emirates** as of March 31, 2007.

Also, in our opinion, there were no contraventions during the period of the U.A.E. Federal Commercial Companies Law No. 8 of 1984, as amended or the Company's Articles of Association which might have materially affected the financial position of the Company for the period.

(M. KRISHNAMURTHI)  
Managing Partner

AGN MAK  
Chartered Certified Accountant  
Abu Dhabi - United Arab Emirates

Date : June 03, 2007

## INFRATRADE FZE

ABU DHABI - United Arab Emirates

Statement of Affairs as of March 31, 2007

	As at 31.03.2007 (in UAE Dirhams)	As at 31.03.2007 (Rs. in Million)
<b>Assets</b>		
<b>Current assets</b>		
Cash in hand and banks	100,150	1.19
Total Assets	100,150	1.19
<b>Liabilities and Share Holders' Equity</b>		
<b>Current Liabilities</b>		
Accrued Liabilities	32,708	0.39
Total Current Liabilities	32,708	0.39
<b>ShareHolder's Equity</b>		
Capital account	100,000	1.19
Formation expenses	(32,558)	(0.39)
	67,442	0.80
<b>Total Liabilities and Share Holder's Equity</b>	100,150	1.19

The accompanying notes form an integral part of these financial statements. The report of the Auditors is set out on page 1.

The financial statements on pages 2 to 3 were approved on May 30, 2007 and signed by :

Director

Notes to the Financial Statements as on March 31, 2007  
(In UAE DIRHAMS)

### 1. Legal status and business activities

Infratrade FZE, a free zone establishment registered with Ras A1 Khaimah Free Zone Authority, UAE on March 21, 2007.

The registered office of the establishment is situated at Po Box no 10559, RAK Free Trade Zone, UAE.

The main activities of the establishment is trading in Building and construction materials.

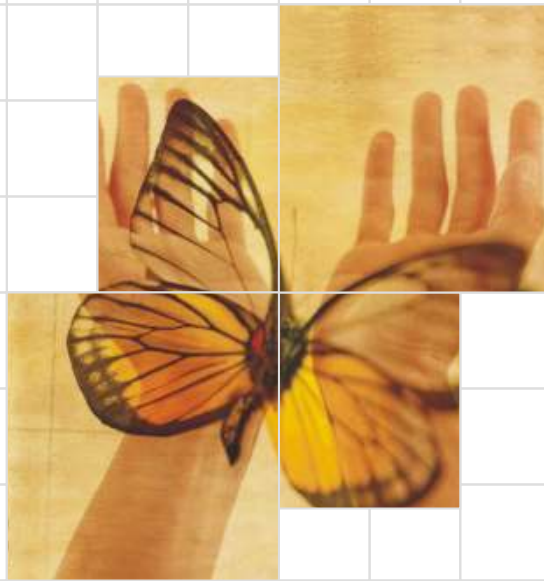
The establishment is owned 100% by Maytas Infra Limited (formerly known as Maytas Infra Private Limited) a company established in India.

### 2. Summary of significant accounting policies

#### Basis of preparation

The annual closing of the company is December 31 and for the purpose of shareholder's specific requirement this interim statement of affairs for the period from the date of incorporation to March 31, 2007 has been prepared in accordance with Generally Accepted Accounting Practices and applicable requirements of the U.A.E. Law.

The company has not yet commenced its operation and no revenue was recognised for this period.



**MAYTAS INFRA LIMITED**

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