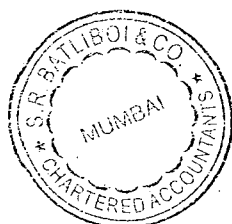


**S.R. BATLIBOI & CO.**Chartered Accountants  
6th Floor, Express Towers  
Nariman Point  
Mumbai - 400 021, IndiaBoard : (91-22) 2287 6485/6  
Fax : (91-22) 2287 6401**Auditor's Report****The Board of Directors****IRB Infrastructure Developers Limited** (formerly DVJ Leasing and Finance Private Limited)

1. We have audited the attached consolidated balance sheet of IRB Infrastructure Developers Limited Group (hereinafter referred to as "IRB Group"), as at March 31, 2007, and also 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 the IRB Infrastructure Developers Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these 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 venture, whose financial statements reflect total assets of Rs. 13,223,421,269 as at March 31, 2007, the total revenues of Rs. 1,794,191,581 and net cash flows from operating activities amounting to Rs. 115,673,002 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. *As stated in Note 19 of Schedule 20 of the consolidated financial statements, certain contracts have not complied with the provision of Section 297 of the Companies Act, 1956.*
5. We report that the consolidated financial statements have been prepared by the IRB Infrastructure Developers Limited's management in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements', Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard 27, 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India.



## **S.R. BATLIBOI & Co.**

IRB Infrastructure Developers Limited  
Page 2 of 2

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, to the best of our information and according to the explanations given to us and *subject to our comments in paragraph 4 above*, we are of the opinion that 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 the IRB Group as at March 31, 2007;
  - (b) in the case of the consolidated profit and loss account, of the profit of IRB Group 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.

*S. R. Batliboi*  
For S.R. BATLIBOI & Co.  
Chartered Accountants

*Vijay Bhatt*  
per Vijay Bhatt  
Partner  
Membership No.: 36647  
Place: Mumbai  
Date: 24 SEP 2007



IRB Infrastructure Developers Limited (formerly DVJ Leasing and Finance Private Limited)  
Consolidated Balance Sheet as at March 31, 2007

	Schedule	March 31, 2007 Amount (Rs.)
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' Funds</b>		
Share Capital	1.	2,472,680,000
Reserves and Surplus	2	1,302,733,190
		<b>3,775,413,190</b>
<b>Minority Interest</b>		1,117,798,870
<b>Loan Funds</b>		
Secured Loans	3	22,403,539,996
Unsecured Loans	4	2,776,043,299
<b>Total</b>		<b>30,072,795,355</b>
<b>APPLICATION OF FUNDS</b>		
<b>Fixed Assets</b>		
Gross Block	5	21,193,391,744
Less: Depreciation / Amortisation		2,325,583,403
Net Block		18,867,808,341
Capital work-in-progress (including capital advances)		5,552,328,886
		<b>24,420,137,227</b>
<b>Investments</b>	6	413,477,037
<b>Deferred Tax Assets (net) (Refer note 7, Schedule 20)</b>		5,992,400
<b>Current Assets, Loans and Advances</b>		
Inventories	7	91,683,421
Sundry Debtors	8	1,436,500,628
Cash and Bank Balances	9	3,703,414,010
Loans and Advances	10	2,134,515,081
<b>(A)</b>		<b>7,366,113,140</b>
<b>Less: Current Liabilities and Provisions</b>		
Current Liabilities	11	1,029,530,643
Provisions	12	1,283,959,854
<b>(B)</b>		<b>2,313,490,497</b>
<b>Net Current Assets (A-B)</b>		<b>5,052,622,643</b>
<b>Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)	13	180,566,048
<b>Total</b>		<b>30,072,795,355</b>
<b>Significant Accounting Policies and Notes to accounts</b>	20	

Schedules referred to above and notes to accounts form an integral part of the financial statement.

As per our report of even date attached

*S.R. Batliboi & Co.*  
For S.R. BATLIBOI & Co.  
Chartered Accountants

*Vijay Mhatre*  
per Vijay Mhatre  
Partner

Membership No.: 36647

Place : Mumbai

Date : 24 SEP 2007



For and on behalf of the Board  
IRB Infrastructure Developers Limited

*V.D. Mhaskar*

V.D. Mhaskar

Chairman & Managing Director

*D.V. Mhaskar*

D.V. Mhaskar

Director

IRB Infrastructure Developers Limited (formerly DVJ Leasing and Finance Private Limited)  
Consolidated Profit and Loss Account for the year ended March 31, 2007

	Schedule	March 31, 2007 Amount (Rs.)
<b>INCOME</b>		
Income from operations	14	3,057,156,844
Other income	15	193,682,595
		<b>3,250,839,439</b>
<b>EXPENDITURE</b>		
Direct expenses	16	1,078,186,000
Personnel expenses	17	148,011,415
Office administration and other expenses	18	176,649,734
Financial expenses	19	876,697,766
Depreciation/amortisation on fixed assets	5	525,930,411
		<b>2,805,475,326</b>
<b>Profit before tax</b>		<b>445,364,113</b>
Provision for taxation:		
Current tax		162,275,240
Deferred tax		(17,349,395)
Fringe benefit tax		2,652,801
		<b>147,578,646</b>
<b>Net Profit after tax and before minority interest</b>		<b>297,785,467</b>
Less : Share of minority interest		72,344,418
<b>Net Profit after minority interest</b>		<b>225,441,049</b>
Add:		
Profit and loss account at the beginning of the year		84,457,894
Post acquisition share in profit of subsidiaries (Includes Rs. 8,014,891)		
Profit for the period for which subsidiaries were Associates)		145,965,645
Profit available for appropriation		455,864,588
<b>Appropriations:</b>		
Tax on corporate dividend		14,594,178
<b>Surplus carried to balance sheet</b>		<b>441,270,410</b>
Earnings per share		
Basic and diluted earnings per share		11.21
Weighted average number of shares outstanding during the year		20,116,947
Nominal Value per share		100

Significant Accounting Policies and Notes to accounts

20

Schedules referred to above and notes to accounts form an integral part of the financial statement.

As per our report of even date attached

*S. R. Batliboi & Co.*  
For S.R. BATLIBOI & Co.  
Chartered Accountants

*Vijay Bhatt*  
per Vijay Bhatt  
Partner

Membership No.: 36647

Place: Mumbai

Date: 24 SEP 2007

For and on behalf of the Board  
IRB Infrastructure Developers Limited

*V.D. Mhaskar*

V.D. Mhaskar

Chairman & Managing Director

*D.V. Mhaskar*

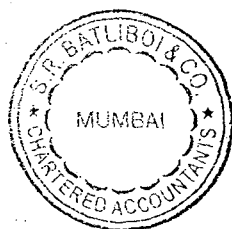
D.V. Mhaskar

Director



IRB Infrastructure Developers Limited (formerly DVJ Leasing and Finance Private Limited)  
Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

	March 31, 2007 Amount (Rs.)
<b>Schedule 1 : Share Capital</b>	
<b>Authorised</b>	
25,000,000 Equity shares of Rs.100/- each	2,500,000,000
36,500,000 Unclassified shares of Rs.100/- each	3,650,000,000
	<u>6,150,000,000</u>
<b>Issued, Subscribed and Paid up</b>	
24,726,800 Equity shares of Rs. 100/- each	2,472,680,000
	<u>2,472,680,000</u>
<b>Schedule 2 : Reserves and Surplus</b>	
Profit and Loss Account	441,270,410
Capital Reserve (on investment in subsidiaries)	861,462,780
	<u>1,302,733,190</u>
<b>Schedule 3 : Secured Loans</b>	
<b>Term loans</b>	
From Banks	19,991,367,389
From Financial Institutions	1,613,307,172
Overdraft from banks	798,865,435
	<u>22,403,539,996</u>
<b>Schedule 4 : Unsecured Loans</b>	
From directors	21,546,726
Privately Placed Debentures	2,639,855,610
3,940,083 7.5% (Net of tax) Unsecured Fully Convertible Debentures of Rs. 670/- each convertible into preference share and/or equity share within two years or earlier at the option of debenture holders	
Others	114,640,963
	<u>2,776,043,299</u>



*[Signature]*

IRB Infrastructure Developers Limited (formerly DVJ Leasing and Finance Private Limited)  
Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

Schedule 5 : Fixed Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK
	As at April 1, 2006 Rs.	Additions on acquisition of subsidiaries Rs.	Additions Rs.	Sales / Deductions Rs.	As at March 31, 2007 Rs.	As at April 1, 2006 Rs.	Additions on acquisition of subsidiaries Rs.	Additions Rs.	Sales / Deductions Rs.	As at March 31, 2007 Rs.	As at March 31, 2007 Rs.
Tangible Assets											
Land	-	54,763,740	-	-	54,763,740	-	-	-	-	-	54,763,740
Building	-	81,520,912	6,464,442	-	87,985,354	-	10,135,975	2,158,486	-	12,294,461	75,690,893
Plant & Machinery	-	583,402,834	88,959,629	-	672,362,463	-	146,208,252	42,379,744	-	188,587,996	483,774,467
Computer	-	22,603,346	4,267,208	-	26,870,554	-	16,815,058	2,273,013	-	19,088,071	7,782,483
Vehicles	-	302,900,424	40,983,777	1,166,108	342,718,093	-	92,968,764	42,871,846	193,550	135,647,060	207,071,033
Furniture, Fixture and Equipments	-	56,212,984	11,623,527	-	67,836,511	-	22,200,178	3,604,898	-	25,805,076	42,031,435
TOTAL (a)	-	1,101,404,240	152,298,583	1,166,108	1,252,536,715	-	288,328,227	93,287,987	193,550	381,422,664	871,114,051
Intangible Assets											
Goodwill on consolidation	-	10,871,768	-	-	10,871,768	-	550,130	543,588	-	1,093,718	9,778,050
Toll Collection Rights	-	15,307,941,383	4,622,041,878	-	19,929,983,261	-	1,510,968,185	432,098,836	-	1,943,067,021	17,986,916,240
TOTAL (b)	-	15,318,813,151	4,622,041,878	-	19,940,855,029	-	1,511,518,315	432,642,424	-	1,944,160,739	17,996,694,290
TOTAL (a+b)	-	16,420,217,391	4,774,340,461	1,166,108	21,193,391,744	-	1,799,846,542	525,930,411	193,550	2,325,583,403	18,867,808,341
Capital work in progress											
Toll Collection Rights	-	-	-	-	-	-	-	-	-	-	5,506,289,949
Others	-	-	-	-	-	-	-	-	-	-	46,038,937
Total	-	-	-	-	-	-	-	-	-	-	5,552,328,886

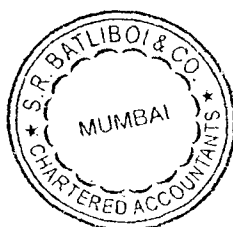


IRB Infrastructure Developers Limited (formerly DVJ Leasing and Finance Private Limited)  
Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007

	Face Value	No. of Shares	March 31, 2007 Amount (Rs.)
<b>Schedule 6 : Investments</b>			
<b>A. Long Term Investments (At cost)</b>			
- In Equity Shares (Unquoted, fully paid)			
MEP Toll Road Private Limited	10	1,025,000	10,250,000
Kalyan Janta Sahakari Bank Limited	10	20,100	201,000
Purti Sakhar Karkhana Limited	10	1,850,000	18,500,000
Dombivali Nagri Sahakari Bank Limited	50	4,000	200,000
Jan Kalyan Sahakari Bank	10	50,000	500,000
Janta Sahakari Bank	25	2,000	50,000
Sangali Urban Bank	15	2	30
- In Preference Shares (Fully paid)			
MEP Toll Road Private Limited	10	99,000	990,000
- In Equity Shares (Quoted, fully paid)			
Union Bank of India	10	9,177	1,009,470
- Government Securities / Bonds			
National Saving Certificate			83,819
9.65% Unsecured subordinated bonds of The United Western Bank Limited			10,000,000
<b>Total (A)</b>			<b>41,784,319</b>
<b>B. Current Investment (At lower of cost and market value)</b>			
- In Equity Shares (Quoted) (Refer note 17, Schedule 20)			
Development Credit Bank Limited	10	41,481	2,422,993
GMR Infrastructure Limited	10	3,010	1,027,012
HT Media Limited	2	8,868	1,619,634
Network 18 Fincap	5	7,317	2,463,628
Reliance Capital Limited	10	4,935	2,886,179
Sobha Developers Limited	10	3,577	2,484,518
United Breweries Limited	1	1,802	460,829
Zee Entertainment Limited	1	12,524	2,855,848
- In Mutual Fund (Unquoted)			
K Liquid - Institutional (D) (Refer note 17, Schedule 20)	10	1,469,474	14,745,632
DSP Merrill Lynch Opportunities Fund - Dividend	10	2,055,288	48,556,174
DSP Merrill Lynch Equity Fund Regular	10	2,372,291	113,210,471
Standard Chartered Enterprise Equity Fund	10	5,000,000	50,000,000
HDFC Equity Fund Dividend	10	2,853,535	128,959,800
<b>Total (B)</b>			<b>371,692,718</b>
<b>Total (A+B)</b>			<b>413,477,037</b>

Aggregate Net Cost and Market Value of Company's Investments:-

	As at March 31, 2007	
	Aggregate Net Cost	Market Value
Quoted	17,230,111	18,787,652
Unquoted	396,246,926	
<b>Total Investments</b>	<b>413,477,037</b>	



**IRB Infrastructure Developers Limited (formerly DVJ Leasing and Finance Private Limited)**  
**Schedules forming part of the Consolidated Balance Sheet as at March 31, 2007**

	March 31, 2007 Amount (Rs.)
<b>Schedule 7 : Inventories</b>	
Construction raw material	91,683,421
	<u>91,683,421</u>
<b>Schedule 8 : Sundry Debtors</b>	
(Unsecured, considered good)	
- Debts outstanding for a period exceeding six months	84,090,332
- Other debts	1,352,410,296
	<u>1,436,500,628</u>
<b>Schedule 9 : Cash and Bank Balances</b>	
Cash on hand	44,661,051
Balances with scheduled banks:	
On current accounts	158,797,548
On deposit accounts (Hypothecated with banks against overdraft facilities)	3,499,955,411
	<u>3,703,414,010</u>
<b>Schedule 10 : Loans and Advances</b>	
(Unsecured, considered good)	
Loans to directors and the companies in which directors are interested	774,297,586
Advance to directors and the companies in which directors are interested	1,056,346,319
Advances to others	16,514,774
Deposits	144,854,339
Advance given to supplier	65,529,732
Advances recoverable in cash or kind or for value to be received	74,984,015
Advance payment of income tax (net of tax provisions)	1,988,316
	<u>2,134,515,081</u>

*P*

