

## Auditors' Report

**To**  
**The Members of GMR Airport Developers Limited**

1. We have audited the attached Balance Sheet of GMR Airport Developers Limited ('the Company') as at March 31, 2011 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. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments 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. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iii. 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;
  - iv. On the basis of the written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- v. 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, 2011;
  - 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 S.R. BATLIBOI & ASSOCIATES**  
Firm registration number: 101049W  
Chartered Accountants

Sd/-  
**per Sunil Bhumralkar**  
Partner  
Membership No.: 035141

Place: Bangalore  
Date: May 10, 2011

**Annexure referred to in paragraph 3 of our report of even date**

Re: GMR Airport Developers Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The activities of the company did not involve purchase of inventory during the financials year and accordingly, clause 4 (ii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses (iii) (b) to (iii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses (iii) (f) and (iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements referred to in section 301 of the Act that needs to be entered into the register maintained under section 301. Accordingly, Clause 4 (v) (b), of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public.
- (vii) *In our opinion, the Company does not have an internal audit system 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.
- (ix) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, wealth-tax, service tax, and cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases*. The provisions relating to sales tax, custom duty, excise duty, investor education and protection fund are not applicable to the company.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income-tax, wealth tax, service tax and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year..
- (xi) The company has not borrowed any amount from any financial institution, bank or debenture holders. Therefore, the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (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 not given any guarantee for loans taken by others from bank or financial institutions.

- (xvi) Based on information and explanation given to us by the Management, the Company has not obtained any term loans during the year.
- (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 did not raise 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 the Management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S.R. BATLIBOI & ASSOCIATES**

Firm registration number: 101049W

Chartered Accountants

Sd/-

**per Sunil Bhumralkar**

**Partner**

Membership No.: 035141

Place: Bangalore

Date: May 10, 2011

GMR Airport Developers Limited  
Balance Sheet as at March 31, 2011

(Amount in Rupees)

	Schedules	As at March 31, 2011	As at March 31, 2010
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	1	50,984,700	500,000
(b) Reserves and surplus	2	77,617,812	5,138,126
<b>Total</b>		<b>128,602,512</b>	<b>5,638,126</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
(a) Gross block	3	3,673,664	3,594,853
(b) Less: Depreciation/Amortization		1,188,264	596,333
(c) Net block		2,485,400	2,998,520
<b>2. Deferred Tax Asset</b>	15(7)	5,082,292	1,623,410
<b>3. Investments</b>	4	84,521,500	-
<b>4. Current Assets, Loans and Advances</b>			
(a) Sundry debtors	5	114,533,176	52,677,232
(b) Bank balances	6	57,003,030	8,354,686
(c) Other Current Assets	7	147,408,767	-
(c) Loans & Advances	8	125,571,145	57,450,025
		444,516,118	118,481,943
<b>Less: Current liabilities and Provisions</b>			
(a) Current liabilities	9	392,659,762	111,144,643
(b) Provisions	10	15,343,036	6,321,104
		408,002,798	117,465,747
<b>Net Current Assets</b>		36,513,320	1,016,196
<b>Total</b>		<b>128,602,512</b>	<b>5,638,126</b>
<b>Notes to Accounts</b>	15		

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

For S.R. Batliboi & Associates  
Firm registration number: 101049W  
Chartered Accountants

For and on behalf of the Board of Directors of  
GMR Airport Developers Limited

per Sunil Bhumralkar  
Partner  
Membership No.: 035141

Dr. Govindan Sridharan  
Director  
C. Prasanna  
Director

Place: Bangalore  
Date: May 10, 2011

Place: Hyderabad  
Date: May 10, 2011

GMR Airport Developers Limited  
Profit and Loss account for the year ended March 31, 2011

(Amount in Rupees)

	Schedules	For the year ended	For the year ended
		March 31, 2011	March 31, 2010
<b>I. Income</b>			
Revenue from Construction Contracts		281,838,488	-
Income from services		398,715,330	347,008,683
Other Income	11	4,247,767	454,025
<b>Total Income</b>		<b>684,801,585</b>	<b>347,462,708</b>
<b>II. Expenditure</b>			
Personnel cost	12	346,288,604	295,787,598
Operation and administration cost	13	304,769,839	49,934,328
Finance charges	14	199,747	1,042,616
Depreciation/Amortization	3	591,931	472,163
<b>Total Expenses</b>		<b>651,850,121</b>	<b>347,236,705</b>
<b>III. Profit before tax</b>		<b>32,951,464</b>	<b>226,003</b>
<b>IV. Provision for tax</b>			
Current tax		15,000,000	1,068,772
Deferred tax		(3,458,882)	(573,950)
Deferred tax for earlier years		-	112,687
<b>V. Profit/(loss) after taxation</b>		<b>21,410,346</b>	<b>(381,506)</b>
Add: Balance brought forward from previous year		5,138,126	5,519,632
<b>VI. Surplus carried to Balance Sheet</b>		<b>26,548,472</b>	<b>5,138,126</b>
<b>Earnings Per Share (Rs.)</b>			
a) Basic		20.64	(7.63)
b) Diluted		20.64	(7.63)
Refer note no. 11 (6) of Schedule 15			
Notes to Accounts	15		

The schedules referred to above and the Notes to Accounts form an integral part of the Profit and Loss Account.  
This is the Profit and Loss Account referred to in our report of even date.

For S.R. Batliboi & Associates  
Firm registration number: I01049W  
Chartered Accountants

For and on behalf of the Board of Directors of  
GMR Airport Developers Limited

per Sunil Bhumralkar  
Partner  
Membership No.: 035141

Dr. Govindan Sridharan  
Director

C. Prasanna  
Director

Place: Bangalore  
Date: May 10, 2011

Place: Hyderabad  
Date: May 10, 2011

GMR Airport Developers Limited  
Cash Flow Statement For The Year Ended March 31, 2011

(Amount in Rupees)

	For the year ended	For the year ended
	March 31, 2011	March 31, 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	32,951,464	226,003
<b>Adjustment for</b>		
Depreciation	591,931	472,163
Income from Investments	(3,086,123)	-
Interest Income	(101,779)	-
Interest Expense	199,747	-
Unrealised foreign exchange loss/ (gain) - (net)	(39,528)	-
<b>Operating Profit Before Working Capital Changes</b>	<b>30,515,714</b>	<b>698,166</b>
<b>Adjustment for working capital changes :</b>		
(Increase) / Decrease in Sundry debtors	(61,855,944)	(35,105,683)
(Increase) / Decrease in Loans and Advances	(178,355,917)	(2,418,380)
Increase / (Decrease) in Current Liabilities and Provisions	290,576,579	76,135,543
<b>Cash generated from Operations</b>	<b>60,880,432</b>	<b>39,309,646</b>
Taxes paid	(51,070,969)	(50,651,413)
<b>Net cash generated / (used) in Operating Activities (A)</b>	<b>29,809,463</b>	<b>(11,341,767)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(78,812)	(883,016)
Investments in Subsidiary	(2,221,500)	-
Purchase of Current Investments - non trade	(487,600,000)	-
Sale of Current Investments - non trade	408,386,121	-
Advance to subsidiary	(1,103,000)	-
Interest Received	101,779	-
<b>Net cash used in Investing Activities (B)</b>	<b>(82,515,412)</b>	<b>(883,016)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Capital	50,484,700	-
Proceeds from Share Capital-Securities Premium	51,069,340	-
Interest paid	(199,747)	-
<b>Net cash generated from Financing Activities (C)</b>	<b>101,354,293</b>	<b>-</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A + B + C)</b>	<b>48,648,344</b>	<b>(12,224,783)</b>
Cash and Cash Equivalents at the beginning of the year	8,354,686	20,579,469
Cash and Cash Equivalents at the end of the year (Refer Schedule 6)	57,003,030	8,354,686

For S.R. Batliboi & Associates  
Firm registration number: 101149W  
Chartered Accountants

For and on behalf of the Board of Directors of  
GMR Airport Developers Limited

per Sunil Bhumralkar  
Partner  
Membership No.: 035141

Dr. Govindan Sridharan      C. Prasanna  
Director                              Director

Place: Bangalore  
Date: May 10, 2011

Place: Hyderabad  
Date: May 10, 2011

## GMR Airport Developers Limited

Schedules forming part of the Balance Sheet as at March 31, 2011

(Amount in Rupees)

SCHEDULE - 1	As at March 31, 2011	As at March 31, 2010
<b>Share Capital</b>		
<b>Authorised</b> 10,100,000 (March 31, 2010: 50,000) Equity Shares of Rs 10/- each	101,000,000	500,000
<b>Issued</b> 10,099,970 (March 31, 2010: 50,000) Equity Shares of Rs 10/- each	100,999,700	500,000
<b>Subscribed and Paid-up</b> 5,098,470 (March 2010: 50,000) Equity Shares of Rs 10/- each fully paid up  (Out of the above, 5,048,470 (March 31, 2010: Nil) Equity shares fully paid up are held by the holding company, GMR Airports Holding Company)	50,984,700	500,000
	<b>50,984,700</b>	<b>500,000</b>

SCHEDULE - 2	As at March 31, 2011	As at March 31, 2010
<b>Reserves and surplus</b>		
Securities Premium Account(Received during the year)	51,069,340	-
Balance in Profit and Loss Account	26,548,472	5,138,126
	<b>77,617,812</b>	<b>5,138,126</b>

GMR Airport Developers Limited

Schedules forming part of the Balance Sheet as at March 31, 2011

SCHEDULE - 3

Fixed Assets

Refer Note no.1 (4,5 & 6) of Schedule 15

(Amount in Rupees)

Description	Gross Block - At cost			Depreciation/Amortisation				Net Block		
	As at Apr 1, 2010	Additions	Deletions	As at March 31, 2011	As at Apr 1, 2010	For the year	On Deletions	As at March 31, 2011	As at March 31, 2011	As at Mar 31, 2010
Computer Equipment	370,953	78,811	-	449,764	74,360	69,337	-	143,697	306,067	296,593
Computer Software	3,223,900	-	-	3,223,900	521,973	522,594	-	1,044,567	2,179,333	2,701,927
<b>Grand Total</b>	<b>3,594,853</b>	<b>78,811</b>	<b>-</b>	<b>3,673,664</b>	<b>596,333</b>	<b>591,931</b>	<b>-</b>	<b>1,188,264</b>	<b>2,485,400</b>	<b>2,998,520</b>
March 31, 2010	2,711,838	883,015	-	3,594,853	124,170	472,163	-	596,333	2,998,520	

GMR Airport Developers Limited  
Schedules forming part of the Balance Sheet as at March 31, 2011

(Amount in Rupees)

SCHEDULE - 4	As at March 31, 2011	As at March 31, 2010
<b>Investments</b>		
<b>Long Term (at cost)</b>		
<b>In Shares of Subsidiaries (Unquoted, Non Trade)</b>		
50,000 Equity Shares of \$ 1 each fully paid in C.A.D.L. (Mauritius) Ltd (March 31, 2010: Nil)	2,221,500	-
(A)	2,221,500	-
<b>Current Investments(Unquoted, at cost or Net Realisable Value whichever is less)</b>		
Birla Sunlife Cash Plus-Institutional Premium - Growth option 4,259,362 Units(March 31, 2010: Nil) of face value of Rs. 10 each	66,800,000	-
UTI Liquid Cash Plan - Institutional Premium - Growth option 9,636 Units(March 31, 2010: Nil) of face value of Rs. 1,000 each	15,500,000	-
(B)	82,300,000	-
Aggregate Net Asset value as at March 31, 2011: Rs.8,23,47,328(March 31, 2010: Nil)		
<b>Total Investments(A+B)</b>	<b>84,521,500</b>	<b>-</b>

SCHEDULE - 5	As at March 31, 2011	As at March 31, 2010
<b>Sundry Debtors</b> (Unsecured, Considered good)		
Debts outstanding for more than six months	14,807,212	3,583,636
Other Debts	99,725,964	49,093,596
	<b>114,533,176</b>	<b>52,677,232</b>

SCHEDULE - 6	As at March 31, 2011	As at March 31, 2010
<b>Bank Balances</b>		
Balances with Scheduled Banks - in Current Accounts	57,003,030	8,354,686
	<b>57,003,030</b>	<b>8,354,686</b>

(Amount in Rupees)

SCHEDULE - 7	As at March 31, 2011	As at March 31, 2010
<b>Other Current Assets</b>		
Unbilled Revenue	147,408,767	-
	<b>147,408,767</b>	<b>-</b>

SCHEDULE - 8	As at March 31, 2011	As at March 31, 2010
<b>Loans and Advances</b> (Unsecured, considered good)		
Advances to Subsidiary	1,103,000	-
Loans to Employees	6,338,837	2,089,515
Advances recoverable in cash or in kind or for value to be received	22,914,382	2,569,844
Balances with Service Tax Authorities	1,776,916	1,670,025
Advance Tax (net of provisions)	85,653,610	49,582,841
Deposit -Others	7,784,400	1,538,000
	<b>125,571,145</b>	<b>57,450,025</b>

SCHEDULE - 9	As at March 31, 2011	As at March 31, 2010
<b>Current Liabilities</b>		
Sundry Creditors		
- Due to Micro, Small and Medium Enterprises*	-	-
- Due to other than Micro, Small and Medium Enterprises	113,214,539	74,472,833
Unearned Revenue	113,507,244	15,000,000
Retention Money	8,386,807	-
Advances received from customers	139,995,023	4,255,056
Other Liabilities	17,556,149	16,916,254
	<b>392,659,762</b>	<b>111,144,643</b>
*Refer note no. II (8) of Schedule 15		

SCHEDULE - 10	As at March 31, 2011	As at March 31, 2010
<b>Provisions</b>		
Provision for Gratuity (Refer note no. II (4 (b)) of Schedule 15)	481,001	220,805
Provision for Superannuation Fund	620,965	346,407
Provision for Leave Encashment (Refer note no. II (4 (c)) of Schedule 15)	14,241,070	5,753,892
	<b>15,343,036</b>	<b>6,321,104</b>

GMR Airport Developers Limited

Schedules forming part of the Profit and Loss account for the year ended March 31, 2011

(Amount in Rupees)

SCHEDULE - 11	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Other Income</b>		
Interest on		
Bank Deposits [Tax Deducted at Source: Rs. Nil (March 31, 2010: Rs. Nil)]	2,876	-
Others [Tax Deducted at Source: Rs. Nil (March 31, 2010: Rs. Nil)]	98,903	22,000
Foreign Exchange Gain (Net)	392,407	-
Miscellaneous Income	667,460	432,025
Profit on Sale of Mutual Fund - Non Trade (Refer Note II(12) of Schedule 15)	3,086,121	-
	<b>4,247,767</b>	<b>454,025</b>

SCHEDULE - 12	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Personnel Cost</b>		
Salaries, allowances and benefits to employees	316,611,159	275,394,169
Contribution to Gratuity Fund (Refer Note no.II (4 (b)) of Schedule 15)	1,698,492	1,203,105
Contribution to Superannuation (Refer Note no.II (4 (a)) of Schedule 15)	5,489,450	4,291,211
Contribution to Provident fund (Refer Note no.II (4 (a)) of Schedule 15)	10,320,263	8,118,872
Staff welfare expenses [Net of Reimbursement: Rs. 490,087 (March 31, 2010: Rs. 1,281,374)]	12,169,240	6,780,241
	<b>346,288,604</b>	<b>295,787,598</b>

SCHEDULE - 13	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Operation and Administration Cost</b>		
Construction - Expenses	252,987,440	-
Consultancy and Professional Charges	23,291,801	3,418,701
Rent	975,443	-
Rates and Taxes	815,233	21,357
Fee towards Trademark & Brand	4,108,810	37,340,480
Travelling and Conveyance [Net of Reimbursement: Rs. 6,663,134 (March 31, 2010: Rs. 7,024,931)]	17,342,666	6,100,306
Loss on Exchange Fluctuations (net) [Net of Reimbursement: Rs. Nil (March 31, 2010: Rs. 136)]	-	1,381,226
Remuneration to auditors [Refer Note II (13) of Schedule 15]	407,425	207,520
Communication expenses	738,835	595,477
Printing & Stationery	100,177	27,036
Repairs & Maintenance-Others	267,021	475,271
Recruitment & Training expenses	666,545	336,245
Insurance	5,571	2,256
Donations	2,500,000	-
Miscellaneous expenses	562,872	28,453
	<b>304,769,839</b>	<b>49,934,328</b>

SCHEDULE - 14	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Finance Charges</b>		
Interest Others	131,788	1,033,447
Bank Charges [Net of Reimbursement: Rs. Nil (March 31, 2010: Rs. 434)]	67,959	9,169
	<b>199,747</b>	<b>1,042,616</b>

## **GMR Airport Developers Limited**

**Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)**

### **Description of business**

GMR Airport Developers Limited ('GADL' or 'the Company'), was incorporated on June 13, 2008. The Company is involved in the business of providing specialized manpower and manpower management services in the area of project management and operation of the Airport .

## **I SIGNIFICANT ACCOUNTING POLICIES**

### **1. Accounting Assumptions:**

The financial statements are prepared in accordance with the historical cost convention and to comply in all material aspects with the applicable Accounting Principles in India, the Accounting Standards notified under subsection 3C of Section 211 of the Companies Act, 1956 of India (the 'Act') and the other relevant provisions of the Act. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

### **2. Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

### **3. Revenue Recognition:**

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

- a) The Company recognizes revenue from operations on accrual basis as per terms of the agreement and on the basis of services rendered.
- b) In case of revenue from fixed price and / or work contracts are recognised as per AS-7 under the percentage completion of the contract by reference to the proportion of the contract cost incurred for work performed up to the reporting date bears to the total estimated contract cost. Additional claims including escalation are recognised as contract revenue in the year in which the claims are admitted. Future expected loss, if any, is recognised as expenditure. Warranty period expenditure, if any, is accounted as and when incurred.
- c) In case of cost plus contracts, revenue is recognized as per terms of the specific contract, which is on basis of the cost expended plus an agreed profit margin.
- d) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**GMR Airport Developers Limited**

**Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)**

**4. Fixed Assets:**

Fixed Assets are stated at cost net of cenvat credit less accumulated depreciation and impairment losses, if any. Cost of acquisition is inclusive of freight, duties levies and all incidental expenditure attributable to bringing the asset to its working condition.

**5. Depreciation:**

Depreciation is provided on straight line method at the rates based on the estimated useful lives of the assets or those prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. Individual assets costing Rs. 5000 or less are fully depreciated in the year of purchase.

**6. Intangible Assets:**

Computer Software is amortized using straight-line method over a period of six years.

**7. Foreign Currency Transactions:**

**(i) Initial Recognition**

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

**(ii) Conversion**

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

**(ii) Exchange Differences**

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

**8. Retirement and Other Employee Benefits:**

- a) Retirement benefits in the form of Provident Fund and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.
- b) Gratuity liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- d) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

## GMR Airport Developers Limited

Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)

### 9. Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. 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, if any.

### 10. Taxes on Income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects 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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes – down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### 11. Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease payments under operating lease are recognized as an expense in the Profit and Loss Account on straight line basis over the lease term.

**GMR Airport Developers Limited**

**Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)**

**12. Provisions:**

A provision is recognized 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.

**13. Impairment:**

All fixed assets are assessed for any indication of impairment at each balance sheet date based on internal / external factors. On any such indication the impairment loss (being the excess of carrying value over the recoverable value of the asset) is immediately charged to the Profit and Loss Account. The recoverable amount is the greater of the asset's net selling price and 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.

**14. Cash and cash equivalents:**

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

**GMR Airport Developers Limited**

**Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)**

**II NOTES TO ACCOUNTS**

**1. Contingent Liabilities and Commitment:**

- (a) Estimated amount of contract remaining to be executed on capital account - Rs. Nil (Previous Year - Rs. Nil)

**2. Details of transactions with Related Parties:**

**A. Names of related parties and description of relationship:**

Sl. No	Name of the related party	Relationship
(i)	GMR Holdings Private Limited	Ultimate Holding Company
(ii)	GMR Airports Holding Limited	Holding Company
(iii)	GADL (Mauritius) Limited	Subsidiary Company
(iv)	GADL International Limited	Step down Subsidiary Company
(v)	GMR Hyderabad International Airport Limited	Fellow subsidiary
(vi)	Delhi International Airport private Limited	
(vii)	GMR Kamalanga Energy Limited	
(viii)	GMR Hyderabad Vijayawada Expressways Pvt Limited	
(ix)	Hyderabad Duty Free Retail Limited	
(x)	Hyderabad Menzies Air Cargo Private Limited	
(xi)	GMR Hotels and Resorts Limited	
(xii)	P. Sripathy (Related Party up to May 11, 2009)	Share holder having Significant influence

**B. Summary of Transactions with the above related party is as follows:**

	Related Party Transactions	For the year ended March 31,2011	For the year ended March 31, 2010
(i)	<b>Receipt Towards Share Issue</b> -GMR Infrastructure (UK) Ltd * -GMR Airports Holding Limited	51,569,040 49,985,000	- -
(ii)	<b>Remuneration</b> -P. Sripathy	-	1,887,061
(iii)	<b>Investment in Subsidiaries</b> -GADL (Mauritius) Limited	2,221,500	-
(iv)	<b>Reimbursement of Expenses claimed by the company from its related parties</b> -GADL International Limited -GMR Hyderabad International Airport Limited -GMR Kamalanga Energy Limited	1,103,000 219,212 252,220	- - -

GMR Airport Developers Limited

Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)

	Related Party Transactions	For the year ended March 31, 2011	For the year ended March 31, 2010
	-GMR Hyderabad Vijayawada Expressways Pvt Limited	141,630	-
	-Hyderabad Duty Free Retail Limited	7,488	-
	-Delhi International Airport Pvt Ltd	6,532,671	-
(v)	<b>Services provided</b>		
	-GMR Hyderabad International Airport Limited	94,359,212	-
	-GMR Kamalanga Energy Limited	2,383,333	-
	-GMR Hyderabad Vijayawada Expressways Pvt Limited	2,890,000	-
	-Hyderabad Duty Free Retail Limited	1,744,703	-
	-GMR Hotels and Resorts Limited	948,578	-
	-Delhi International Airport Pvt Ltd	223,815,973	-
	-Hyderabad Menzies Air Cargo Pvt Ltd	2,917,531	-
(vi)	<b>Services received</b>		
	-GMR Hyderabad International Airport Limited	2,153,418	-
(vii)	<b>Fee Towards Trademark and Brand</b>		
	-GMR Holdings Private Limited	4,108,810	-
(viii)	<b>Reimbursement of Expenses claimed from the company by its related parties</b>		
	-GMR Hyderabad International Airport Limited	1,023,794	-

\*These shares have been transferred to GMR Airports Holding Limited on June 30, 2010

C. Outstanding Balances as at the year end

	Particulars	As at March 31, 2011	As at March 31, 2010
(i)	<b>Balance recoverable/(Payable)</b>		
	<b>Subsidiary Company</b>		
	- GADL International Limited	1,103,000	-
	- GMR Hyderabad International Airport Limited	(4,268,266)	-
	- GMR Kamalanga Energy Limited	2,907,015	-
	- GMR Hyderabad Vijayawada Expressways Pvt Limited	3,343,888	-
	- Hyderabad Duty Free Retail Limited	7,433	-
	- GMR Hotels and Resorts Limited	1,046,282	-
	- Delhi International Airport Pvt Ltd	6,068,728	-
	- GMR Airports Holding Limited	265,603	-
	- Hyderabad Menzies Air Cargo Pvt Ltd	890,787	-
	- GMR Holdings Private Limited	3,695,084	-

**GMR Airport Developers Limited**

**Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)**

**3. Lease Obligations:**

The Company has taken on lease of residential premises under non cancellable operating leases. The rental expense under such operating lease during the year was Rs. Nil (March, 31 2010: Rs. 2,271,861).

Future minimum lease payments on non cancellable operating leases are as follows:

Particulars	Minimum Lease Payables	Minimum Lease Payables
	As at March 31, 2011	As at March 31, 2010
Not later than One year	-	2,856,432
Later than one year and not later than five years	-	1,894,010
Above five years	-	-

**4. Employee Benefits:**

**a) Defined Contribution Plan**

Contribution to Provident and other funds under Generation and operating expenses and Administration and Other expenses (Schedule 12) are as under:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Contribution to Provident Fund	10,320,263	8,118,872
Contribution to Superannuation Fund	5,489,450	4,291,211

**b) Defined Benefit Plans:**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on retirement or termination at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

**Profit and Loss Account:**

Net employee benefit expense (recognized in Employee Cost)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Current Service Cost	7,234,678	1,507,625
Interest cost on benefit obligation	439,096	337,437
Expected return on plan assets	(744,709)	(216,791)
Net Actuarial (gain)/Loss recognized in the year	(337,638)	(425,166)
Absorbed by DIAL	(4,892,935)	-
<b>Net benefit expense</b>	<b>1,698,492</b>	<b>1,203,105</b>
Actual Return on plan assets	744,709	216,791

**GMR Airport Developers Limited**

**Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)**

**Balance Sheet:**  
Details of Provision for gratuity

	As at March 31, 2011	As at March 31, 2010
Fair value of plan assets	12,273,687	5,248,870
Defined benefit obligation	12,754,688	5,647,824
Planned Asset/(Liability)	(481,001)	(398,954)

**Changes in the present value of the defined benefit obligation are as follows:**

	For the year ended March 31, 2011	For the year ended March 31, 2010
Opening defined benefit obligation	5,647,824	4,220,752
Interest Cost	439,096	337,437
Service Cost	7,234,678	1,507,625
Benefits paid	(318,245)	(5,576)
Actuarial (gains)/Losses on obligation	(248,665)	(412,414)
Closing defined benefit obligation	12,754,688	5,647,824

**Changes in the fair value of plan assets are as follows:**

	For the year ended March 31, 2011	For the year ended March 31, 2010
Opening fair value of plan assets	5,248,870	-
Difference in opening balance	-	(81,644)
Expected Return	-	216,791
Contributions by Employer	2,450,127	1,927,339
Benefits paid	(318,245)	(5,576)
Actuarial gains/(Losses)	-	12,752
Contributions transferred	4,892,935	3,179,208
Closing fair value of plan assets	12,273,687	5,248,870

The principal actuarial assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Discount Rate (%)	8	8
Estimated rate of return on plan assets (%)	8.5	8.5
Estimated rate of salary increase (%)	6	6
Attrition rate (%)	5	5

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

- c) Leave encashment liability provided based on actuarial valuation amounts to Rs.14,241.070 (March 31, 2010: Rs.5,753,892) as at March 31, 2011

GMR Airport Developers Limited

Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)

5. Derivative Instruments and Unhedged Foreign Currency Exposures:

- a. There are no outstanding derivatives instruments as at March 31, 2011. (March, 31 2010 – Rs: Nil.)
- b. Particulars of Un-hedged foreign Currency Exposure as at the Balance Sheet date:

Particulars	As at March 31, 2011	As at March 31, 2010
Debtors	-	Rs. 9,592,250 (US \$ 212,500 @ Closing rate of 1USD = Rs. 45.14)
Creditors	Rs.2,893,320(US \$ 64,800 @ Closing rate of 1 USD = Rs.44.65)	Rs. 2,925,072 (US \$ 64,800 @ Closing rate of 1USD = Rs. 45.14)

6. Earnings Per Share (EPS):

Particulars	As at March 31, 2011	As at March 31, 2010
a. Profit/(Loss) after Tax (Rs)	21,410,346	(381,506)
b. Weighted average number of Equity Shares of Rs.10 each. Used for calculation of Basic and Diluted Earnings per Share	1,037,499	50,000
Earnings Per Share – Basic and Diluted	20.64	(7.63)

7. Deferred Tax:

Major components of Deferred Tax Asset/Liability:

Particulars	As at March 31, 2011	As at March 31, 2010
Deferred Tax Liability:		
a. Depreciation on Fixed Assets	619,017	504,773
Total Deferred Tax Liability	619,017	504,773
Deferred Tax Asset:		
a. Provision for Employee benefits	5,696,929	2,121,926
b. Other timing differences	-	-
c. Preliminary Expenses carried forward	4,380	6,257
Total Deferred Tax Asset	5,701,309	2,128,183
Net Deferred Tax Asset	5,082,292	1,623,410

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

GMR Airport Developers Limited

Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)

9 Expenditure in Foreign Currency:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Foreign Travel Expenses	6,929,671	2,676,900
Salaries (Gross of TDS)	-	1,426,802
Professional Charges	3,258,720	3,250,080
<b>Total</b>	<b>10,188,391</b>	<b>7,353,782</b>

10. Earnings in Foreign Currency:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Manpower Deputation Charges	-	46,400,000
<b>Total</b>	<b>-</b>	<b>46,400,000</b>

11. Disclosure pursuant to Accounting Standard – 7 “Construction Contracts”

Sl. No.	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
1	Amount of Contract revenue recognized as revenue in the period	281,838,488	-
2	Aggregate amount of costs incurred and recognized profits (less recognized losses) upto the reporting date	281,838,488	-
3	Advances Received	130,094,665	-
4	Retention	-	-
5	Amount due from Customers	99,974,716	-

12. Details of Investments purchased and sold during the year:

	Cost of Acquisition		Sales	
	Units	Amount in Rupees	Units	Amount in Rupees
Birla Sun Life Cash plus Instl. Prem. – Growth	22,207,135	334,100,000	22,207,135	336,559,527
UTI Liquid cash plan Institutional – Growth option	45,821	71,200,000	45,821	71,826,594
<b>Total</b>		<b>405,300,000</b>		<b>408,386,121</b>

13. Auditors Remuneration (Excluding Service Tax):

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Statutory Audit Fee	200,000	200,000
Tax Audit Fee	200,000	-
Out of pocket expenses	7,425	7,520
<b>Total</b>	<b>407,425</b>	<b>207,520</b>

**GMR Airport Developers Limited**

**Schedule 15: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)**

14. Additional Information pursuant to paragraphs 3, 4, 4-C and 4-D of part - II of Schedule VI to the Companies Act, 1956 to the extent either "Nil" or "Not Applicable" has not been furnished.
15. Previous year figures have been regrouped and reclassified, wherever necessary, to conform to those of the current year.

Signature to Schedule 1 to 15  
As per our report of even date

**For S.R. Batliboi & Associates**  
Firm registration number: 101049W  
Chartered Accountants

For and on behalf of the Board of Directors of  
**GMR Airport Developers Limited**

per **Sunil Bhumralkar**  
**Partner**  
Membership No.: 035141

**Dr. Govindan Sridharan**  
Director

**C. Prasanna**  
Director

Place: Bangalore  
Date: May 10, 2011

Place: Hyderabad  
Date: May 10, 2011